

Shriram Finance gets ratings upgrade after MUFG investment

Our Bureau

Mumbai

Following the recent strategic investment by MUFG Bank Ltd in Shriram Finance Ltd (SFL), credit rating agencies Crisil Ratings, ICRA and India Ratings & Research have upgraded the long-term credit rating for bank loan facilities, non-convertible debentures, subordinated debt, and fixed deposit programmes of SFL to “AAA with a stable outlook” from the earlier “AA+”.

The credit rating agencies also resolved the ratings from ‘Watch with Positive Implications’.

MUFG Bank recently acquired a 20 per cent equity stake via preferential issue of equity shares in SFL on a fully diluted basis at a total investment of ₹39,618 crore.

PIVOTAL TIE UP

Umesh Revankar, Executive Vice-Chairman, SFL, said: “The MUFG partnership has been a pivotal moment, and these rating up-



Rating agencies raise Shriram Finance's long-term credit rating to 'AAA' from 'AA+'

grades are a reflection of that. For us, it translates directly into lower borrowing costs and a stronger ability to serve our customers.”

Crisil Ratings, in a note, said the rating action considers the significantly strengthened capital profile of SFL with net worth crossing ₹1 lakh crore post the transaction (₹62,093 crore as on December 31, 2025) which will support the company's growth plan over the medium term.

Crisil Ratings noted that the company's incremental cost of borrowings has already seen some benefit post the announcement of the transaction. This, with the benefit of reduction in leverage to 2.5 times (4.1 times as on December 31, 2025), is expected to provide a fillip to profitability over the near to medium term, it added.

Shriram Finance reported overall assets under management (AUM) of ₹2,91,709 crore as on December 31, 2025, with net profit after tax of ₹7,003 crore and return on managed assets (RoMA) of 3 per cent (annualised) during the first nine months of fiscal 2026.