

## **Shriram Finance to Undertake Preferential Issue of Equity Shares, To Become MUFG's Equity-Method Affiliate—Future Management Structure and Synergies in Focus**

The following is a comment by Japan Credit Rating Agency, Ltd. (JCR) on Shriram Finance Limited's announcement of a preferential issue of equity shares to MUFG Bank, Ltd. (security code: -).

- (1) On December 19, Shriram Finance Limited (SFL), a leading non-banking financial company (NBFC) in India, announced that it will undertake a preferential issue of equity shares to MUFG Bank on a private placement basis. MUFG Bank will invest INR 396.2 billion (approximately JPY 682.3 billion) to acquire 20% of the shares, and SFL is expected to become an equity-method affiliate of Mitsubishi UFJ Financial Group (MUFG).
- (2) SFL is the second-largest retail NBFC in India with AUM of approximately INR 2.8 trillion. Its primary customer base consists of self-employed business operators, and its core business is lending for business purposes (personal loans) secured by used truck vehicles. The company operates approximately 3,200 branches across India and serves nearly 9.7 million customers. Demand for funds in its target market remains strong, with its loan portfolio consistently growing over 10% per year. This capital increase will strengthen its capital base for future business expansion, while MUFG's participation is expected to reduce funding costs and generate new business opportunities through customer referrals. JCR will monitor MUFG's involvement in management and possible synergies from the collaboration.

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### <Reference>

Issuer: Shriram Finance Limited

Foreign Currency Long-term Issuer Rating: BBB+

Outlook: Stable

### **Japan Credit Rating Agency, Ltd.**

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