SHRIRAM Finance

January 15, 2026

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001
Scrip Code: 511218

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor,
Plot no. C/1, G- Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051
NSE Symbol: SHRIRAMFIN

Dear Sir/Madam,

Sub.: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") – Upgrade in Credit Rating by S&P Global Ratings

This is to inform about upgrade in the Company's Rating and senior secured debt by S&P Global Ratings to "BBB-/ Stable/A-3" from "BB+/Stable/B" vide its publication dated January 15, 2026.

The S&P Global Ratings actions are as follows:

Particulars	**Prior Rating**	**Upgraded Rating**
Long-term Issuer Credit Rating	BB+ / Stable	BBB- / Stable
Short-term Issuer Credit Rating	B	A-3
Senior Secured Debt	BB+	BBB-

Published Rating dated January 15, 2026 is enclosed.

The above information will also be available on the website of the Company at www.shriramfinance.in.

This is in compliance with Regulation 30 of the Listing Regulations and other applicable provisions of Listing Regulations, if any

We request you to take the same on record.

Thanking you,
Yours faithfully,
for **Shriram Finance Limited**

U Balasundararao
Company Secretary & Chief Compliance Officer
Encl.: a/a

Research Update:

Shriram Finance Rating Raised To 'BBB-/A-3' On MUFG Investment; Outlook Stable

January 15, 2026

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Overview

- Shriram Finance Ltd.'s credit profile will likely benefit significantly from a US$4.4 billion (Indian rupee [INR] 396 billion) investment from MUFG Bank Ltd. for a 20% equity stake. The amount provides a substantial growth capital over the next three to four years.
- Shriram Finance's robust capitalization--as a result of the investment--will help mitigate the risks inherent in its business model, which focuses on serving low-income, underbanked customers in semiurban and rural India.
- We raised our long-term issuer credit rating on Shriram Finance to 'BBB-' from 'BB+' and our short-term rating to 'A-3' from 'B'. The outlook on the long-term rating is stable. We also raised our issue rating on the company's senior secured debt to 'BBB-' from 'BB+'.
- The outlook reflects our expectation that the company will benefit from its robust capitalization and strong market position in vehicle financing.

Rating Action

On Jan. 15, 2026, S&P Global Ratings raised its long-term issuer credit rating on Shriram Finance Ltd. to 'BBB-' from 'BB+'. The outlook is stable.

At the same time, we raised our short-term issuer credit rating on the India-based finance company to 'A-3' from 'B'.

We also raised our issue rating on the company's senior secured debt to 'BBB-' from 'BB+'.

Rationale

We upgraded Shriram Finance on the expectation of stronger capitalization. The US$4.4 billion capital infusion from MUFG Bank (A/Stable/A-1) will primarily drive this strengthening.

MUFG Bank's investment will result in a 20% stake in the Shriram Finance following a preferential issuance of equity shares.

The company's risk-adjusted capital (RAC) ratio will likely exceed 20% over our forecast horizon of fiscal years 2027 and 2028. This compares with our earlier expectation of 13.75%-14.75% for the period. This investment will result in a post-dilution shareholding of about 20.3% for the current promoter, down from 25.4% as of September 2025.

The transaction has been approved by shareholders and is now subject to regulatory clearance, which we expect to be favorable particularly given the positive impact this could have on the financial stability of the overall banking system and MUFG's long presence in India.

In our view, this transaction will provide Shriram Finance substantial growth capital for the next three to four years. We believe the company will have high growth, with our expectation of loan growth remaining unchanged at 18%-20% per year over the next two years. We expect Shriram Finance's Tier-1 capital ratio to be 33%-34% after the transaction, compared with about 19.98% as of end-September 2025.

We anticipate a gradual improvement in Shriram Finance's net interest margins (NIM) and return on assets (ROA) over the next two years. We expect its ROA to rise to about 3.3% from 3.05%, and NIM to improve to 8.5% from 8.3%. These improvements will primarily be driven by cost benefits stemming from access to cheaper borrowings facilitated by the association with MUFG Bank.

However, if Shriram Finance passes some of these benefits to customers to enhance retention, particularly in the new-vehicle segment, it would somewhat offset the improvements. We do not expect any changes to the current dividend policy.

We believe Shriram Finance's business strategy is likely to remain largely unchanged after the onboarding of MUFG Bank. The bank will be classified as a noncontrolling minority stakeholder in Shriram Finance. MUFG will also have the right to appoint two nominee directors on the board of Shriram Finance.

In our view, synergistic benefits from this transaction will mainly be in the form of enhanced capital market access, such as Samurai bonds, cheaper cost liabilities, treasury solutions, compliance and digital initiatives.

We anticipate no material change to Shriram Finance's risk appetite or portfolio mix. The company's loan portfolio will likely remain largely dominated by commercial and passenger vehicle financing over the next two years. The potential reduction in funding costs could, however, enable Shriram Finance to expand its customer base and enhance customer retention through more competitive pricing. Asset quality will likely remain consistent with Shriram Finance's current business model. We forecast credit costs to remain at about 2%, reflecting the business model over the next two years.

Ongoing support from MUFG will likely be mainly in the form of access to cheaper funding rather than direct funding lines. We expect these benefits to only accrue gradually, leveraging the association with MUFG Bank and a stronger balance sheet. We project the cost of borrowing to fall 10-30 basis points over the next two years.

The lack of a stronger parentage has been a limiting factor for Shriram Finance's funding profile. Shriram Finance has been borrowing at a higher cost than its peers such as Bajaj Finance Ltd. and Tata Capital Ltd.

Our ratings on Shriram Finance do not incorporate any potential uplift from extraordinary support from MUFG. This is primarily due to MUFG Bank's noncontrolling minority stake and our expectation of the bank playing a largely passive role in the company's business strategy. Furthermore, we do not anticipate any significant reputational linkages, such as brand sharing.

MUFG will pay US$200 million to Shriram Ownership Trust as a one-time fee in exchange for noncompete and nonsolicitation obligations by the promoter group.

Outlook

The stable rating outlook reflects our expectation that Shriram Finance will benefit from its robust capitalization and strong market position in vehicle financing. We also anticipate gradual funding benefits from its association with MUFG Bank over the next two years.

Downside scenario

We could lower our ratings on Shriram Finance if its asset quality deteriorates significantly, which could curtail access to funds and strain liquidity.

We could also lower the ratings if Shriram Finance does not receive the planned capital infusion or is unable to maintain its robust capitalization over the next two years.

Upside scenario

We could upgrade Shriram Finance if the company demonstrates a sustained improvement in its funding profile, such as getting preferential access to funds at competitive cost, due to its relationship with MUFG Bank.

An upgrade could also be considered if Shriram Finance's strategic alignment to MUFG strengthens, potentially through controlling stake acquisition or greater management influence.

Rating Component Scores

Rating Component Scores

Issuer Credit Rating	BBB-/Stable/A-3
SACP	bbb-
Anchor	bb+
Business position	Strong (1)
Capital and earnings	Very Strong (2)
Risk position	Moderate (-1)
Funding and liquidity	Moderate and Adequate (-1)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings List		
Upgraded		
	To	**From**
Shriram Finance Ltd.		
Issuer Credit Rating	BBB-/Stable/A-3	BB+/Stable/B
Senior Secured	BBB-	BB+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.