

STEC NSE/BSE 432/2021

December 13, 2021

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

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

Ref: ISIN – INE722A01011

Scrip Code: BSE – 532498 and NSE – SHRIRAMCIT

SUB: Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Investor Presentation with regard to Composite Scheme of Arrangement and Amalgamation.

In continuation to our letters dated December 13, 2021 regarding the outcome of the Board Meeting and Press Release, we are enclosing herewith the Investor presentation of the Company with regard to Composite Scheme of Arrangement and Amalgamation.

The same is also being uploaded on the website of the Company www.shriramcity.in

Thanking you.

Yours faithfully,

For Shriram City Union Finance Limited


C R Dash

Company Secretary

Encl.a/a

Shriram City Union Finance Limited

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Corporate Identification Number (CIN) L65191TN1986PLC012840

STRICTLY PRIVATE AND CONFIDENTIAL



SHRIRAM
Group

EMPOWERING PEOPLE THROUGH PROSPERITY

13th December 2021

Investor Presentation

Agenda

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Core Objectives

- A** Attain **Leadership position** in NBFC space with an **INR 1.5 tn AUM** and the merged entity becomes the **largest retail finance NBFC** in the country
- B** **Superior Customer Acquisition, Engagement & Retention** in each of our business as competition increases for unbanked/underserved Customer segment
- C** **Simplified structure** creating focused businesses of scale across – **Credit, Life Insurance and Non-Life Insurance**
- D** **Renewed Growth focus** optimizing **centralized customer database** for lending combined with **SuperApp initiatives**
- E** **Counter cyclical & complementary** nature of products to help manage risks better
Improved profitability for our stakeholders with improved risk-return profile
- F** Leveraging **Depth of leadership** across entities

**Shriram
Finance
Limited***

Your partner in prosperity

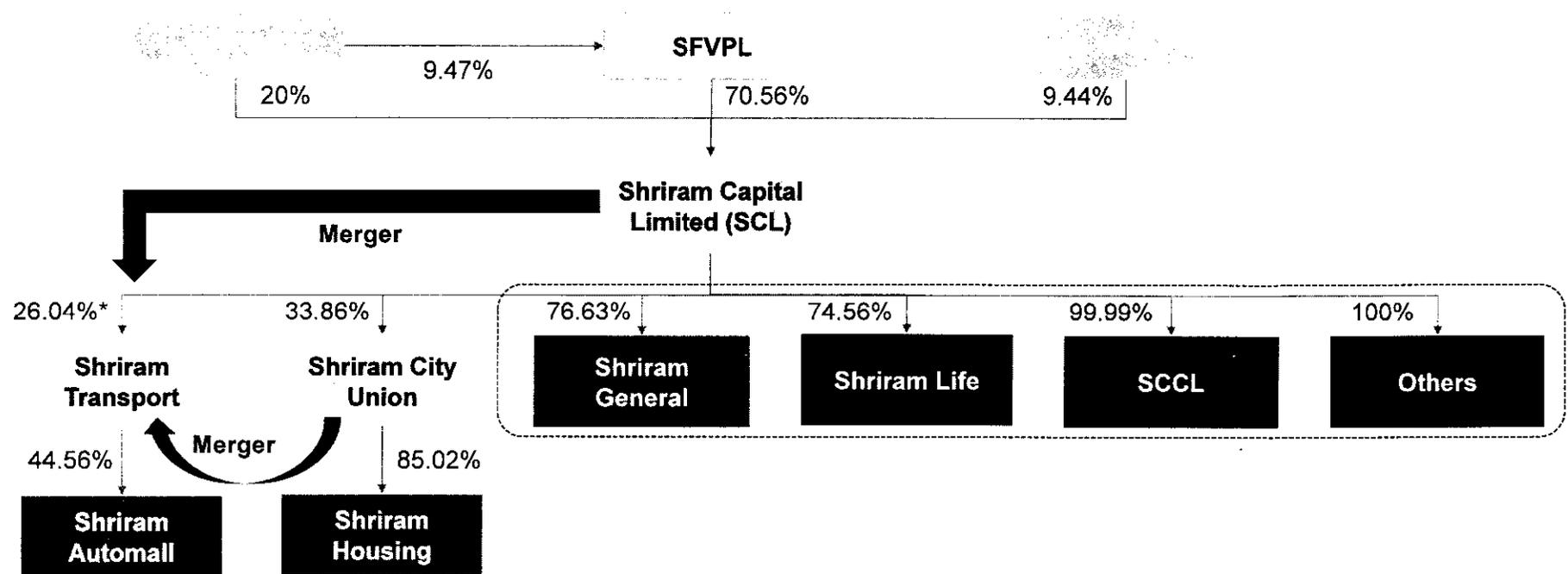
Vision

*To be the country's most preferred Financial Services Destination,
delivering delightful customer experience through empowered employees*

* Name change process has been initiated

Transaction Structure

Existing Structure as at 13th December 2021



SBCPL - Shrelekhya Business Consultancy P Ltd
 SFVPL – Shriram Financial Ventures (Chennai) P Ltd
 SCCL – Shriram Credit Co. Ltd
 SOT – Shriram Ownership Trust
 Shriram General – Shriram General Insurance Co. Ltd.
 Shriram Life – Shriram Life Insurance Co. Ltd.

Entities will be held outside listed company by way of Demerger

Transaction Details

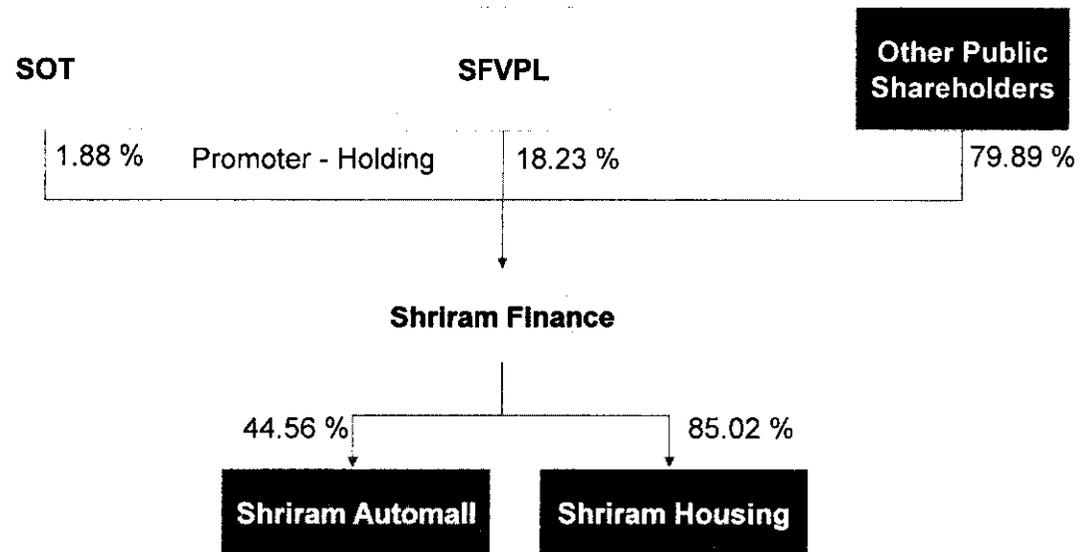
Resultant Structure

- SCL & Shriram City Union will merge into Shriram Transport and the merged entity will be called 'Shriram Finance Limited'
- Shriram Housing Finance will become a subsidiary of Shriram Finance with 85.02% holding
- Shriram Finance will continue to hold 44.56% in Shriram Automall India Ltd post proposed merger
- All other business including Insurance will be held separately outside the listed entity

Swap Ratio

- Shareholders of Shriram City Union to receive 1.55 shares of Shriram Transport for every 1 share
- Shareholders of SCL to receive 0.09783305 shares of Shriram Transport for every 1 share
 - This translates into SCL shareholders getting 1 share of Shriram Transport for every 1 share held by SCL in Shriram Transport
 - SCL shareholders will get 1.55 Shriram Transport shares for every 1 share of Shriram City Union held by SCL

Resultant Structure



SFVPL – Shriram Financial Ventures (Chennai) P Ltd
SOT – Shriram Ownership Trust

Merger Rationale and Operational Synergies

(1 of 2)

Leadership Position



- Attaining leadership position in the NBFC space and being the largest retail financing NBFC in India
- Combined loan assets ~INR 1.5 tn
- Enable better leverage resources like distribution network and client base

Unified Platform



- **One-stop-shop** - address **all credit needs** of TAM under **one umbrella**
- Enabling a combined customer base to access financial facilities of a broad spectrum (loans, Life & General Insurance, AMC, broking etc)
- Add services to **comprehensive product suite** with **Shriram OneApp** which will enable to service customers more holistically
- Efficiencies arising from shared infra, resource optimization & liabilities (efficiencies in CoF & Rating)

Leveraging decades of domain expertise & Experience



- Group has built **massive domain knowledge** and **bespoke understanding of the credit behavior** of TAM across geography, products & cycle
- **Combined database** will enable **target NTC/ underbanked customers** effectively
- **Utilize data** fruitfully across **all lending businesses** to improve performance
- Leveraging Data & technology – Initiatives like **predictive analytics** to help service customers by **anticipating needs** and **enhancing productivities**

Merger Rationale and Operational Synergies

(2 of 2)

Diversification



- Diversified retail lending book with **complementary** nature of products and mitigating any **counter cyclical risk**
- Significant **scaling** in size & reach

Simplified Group Structure



- **Reorganising lending and insurance businesses** to decouple businesses with separate regulatory structure
 - The long term contractual arrangement ensures that the merged entity continues erstwhile business as usual
- Removal of **multi-layer shareholding structure**, also preferred by regulators

Experienced Senior Management



- Experienced management team with vast **lending experience**

Largest Retail Financing NBFC in India

Leading Inclusive Finance Player with Diversified Retail Product Suite and Focus on Serving the Underserved

Sector	Vehicle	MSME	Two Wheeler	Gold	Housing	Personal Loans	Others
Products	CV, CE, PV, Tractors Used & New	Enterprise Finance	Two Wheeler Used & New	Loan against Gold	Home Loan & LAP	Personal Loans	W.Cap loans & Others
AUM (~INR Bn) as on 31st Mar 2021	1,130	150	80	40	40	20	50

Customer wallet share expansion

- ✓ Database of customers captures the loan products / insurance products as also the retail deposits segment of our debt portfolio. Extremely rich & vital source of information; to be analyzed and worked upon to increase customer wallet share
- ✓ FY 21 | STFC has sold over 1.2 mn General and Life Insurance policies to its customers and SCUF has sold 1.7 mn policies

No. of STFC/SCUF customers who have taken other products from the Shriram Ecosystem

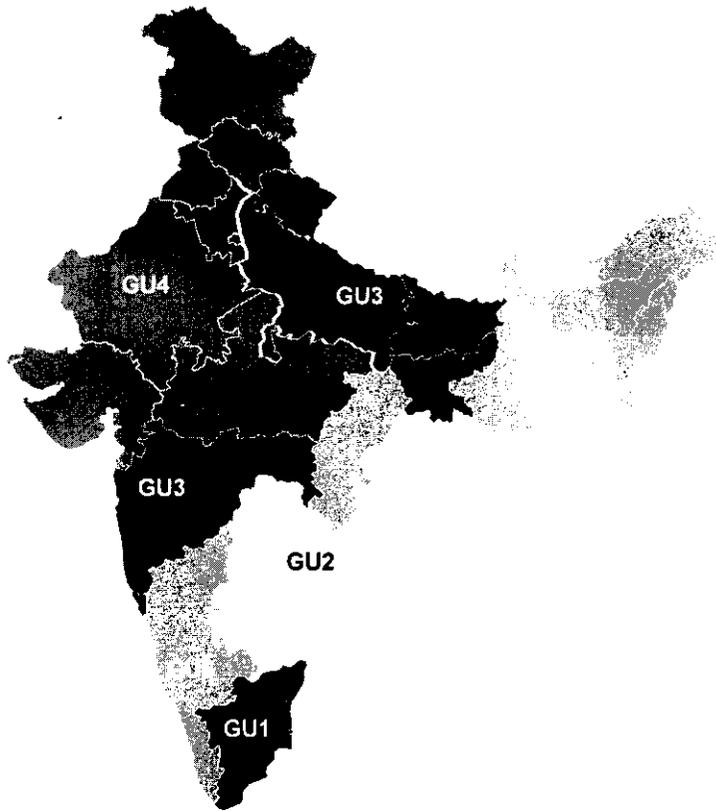
STFC
7 / 10

SCUF
5 / 10

*Aims to get at least 2 Products
Per Customer by FY24*

Creating Large and Complementary Network...

6.4 million+ active customers with minimal overlap allowing cross-sell opportunities



Branches*

1825
STFC

971
SCUF

GU1	TN and Pondicherry
GU2	TS, AP, OD
GU3	MH, GA, UP, BR and JH
	GJ, MP, RJ, DL, PB, HR, HP, J&K
GU5	KA, KL, CG, WB, North-East**

Pan-India Presence

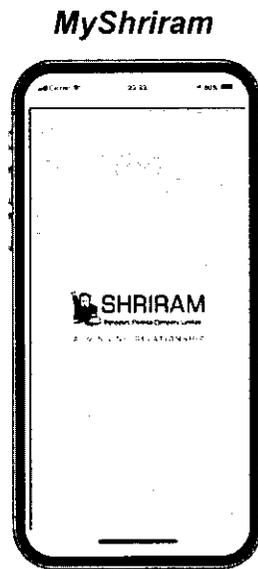
Branches		
STFC	SCUF	Total
415	258	673
222	316	538
386	172	558
412	122	534
390	103	493
1,825	971	2,796

** Arunachal Pradesh, Nagaland and Mizoram have no branches at present

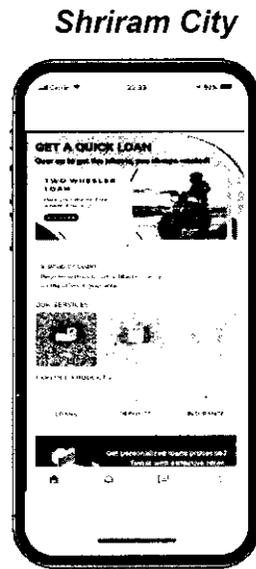
* Additionally there 809 Rural Centers of STFC
 Data as of 30th September 2021

...Coupled with a Strong Digital Presence Driving Digital Adoption

Touching 2 lives every second through Mobile / Web



1+ mn
Downloads



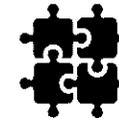
1+ mn
Downloads

~480K

Digital transactions per month on Mobile and Web platforms

INR ~100 bn

Collections through Mobile app for both STFC & SCUF



One data residence with centralized data management

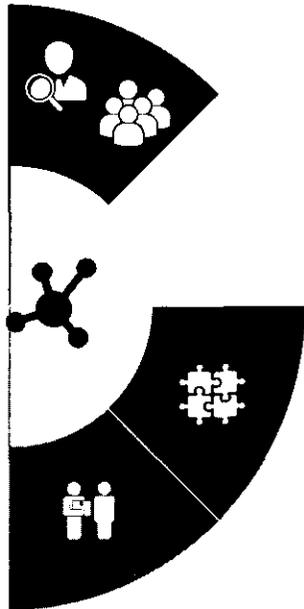


Our tech stack is in place for operations to flow smoothly once merger is effective – Our systems are capable to offer all products / services of combined entity to our customers across ~2,800 branches seamlessly

Transformative Integration

Customer Segments & Cultural Alignment in place

- Both entities have a similar work culture which will enable seamless HR integration
- Unified leadership will ensure working towards common vision
- Focus on common TAM - Unbanked & Under-banked across Rural & Semi-Urban Segments



Unified Tech Platform

- Currently both the organizations have a similar tech platform managed in-house
- The customer/loan data could be available at all branches seamlessly

Branch Integration

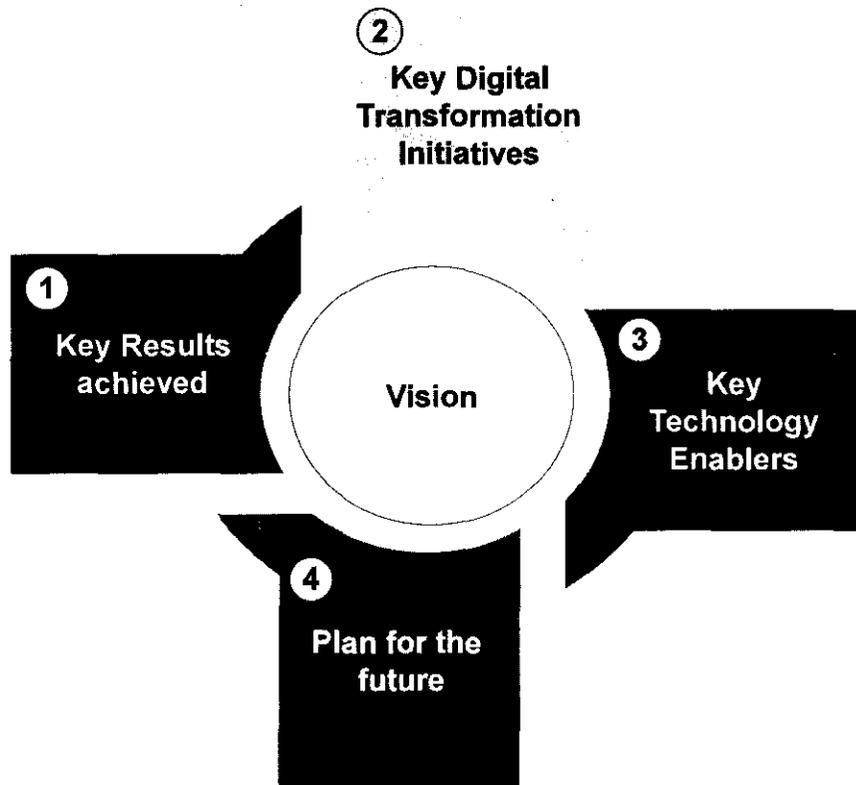
- Integration is a priority along with ensuring customer servicing levels
- Products like Gold Loan will take additional infrastructure support at the branches
- In 6 – 12 months our products will be available in most of the branches (post economic viability assessment)

Streamlining offerings

- Actively pursue customer base of both entities across products

Our Vision for Technology

To make our consumers lives better everyday by creating **technology-led, data-driven** businesses to scale exponentially, by offering **differentiated customer-centric products and services**, leveraging our core pillars that we have built over the years – **Integrity, Empathy, People, Process and Humility.**



Our Aspirations:		
	Enable Synergy	Improved business decisions and cross-selling to existing customers through data analytics
	Transform Digitally	Continue to provide innovative digital solutions to better serve the customers
	Increase Efficiency	Provide efficient customer service and increase productivity of Shriram executives
ONE	One Platform	Bring all products offered by the Shriram group on one platform

Digital – Driving Business



Touching 2 lives every second through Mobile / Web

Over 4.8 lakhs digital transactions per month on Mobile and Web platforms



Customer focused Initiative

INR 6 bn
worth of
Digital Fixed Deposits

18,000 customers
Instant 2w loan
on mobile website –
launched Sep'21

INR 12.7 bn
SCUF B2C collections
on Mobile app

INR 15 bn
STFC B2C collections
on Mobile app

46,000
STFC/SCUF Executives
on mobile app

116,000
Executives/partners
of SGI on mobile app

95,000
Executives/partners
of SLIC on mobile app



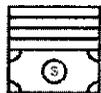
Executive / Partner App transactions

INR 19.5 bn
SCUF assisted collections
on Mobile app

INR 54 bn
STFC assisted collections
on Mobile app

1.3 mn
GI Policies
sold through
mobile app

350,000
GI Policies sold through
web-aggregators



New Initiatives

540,000
OTP based transactions
through Smileage
(fuel loan)

~INR 6 bn
Volume of transactions
through Smileage (
fuel loan)

359,000
INR 740 mn
Fast tag transactions

Top-up loan
Web based Pilot
planned for existing
Gold loan customers

Based on all financial transactions performed digitally in HY22

Key Digital Transformation Initiatives



Digital Presence

- Website
- Mobile App
- Paid media – FB | Instagram | SEO | WhatsApp



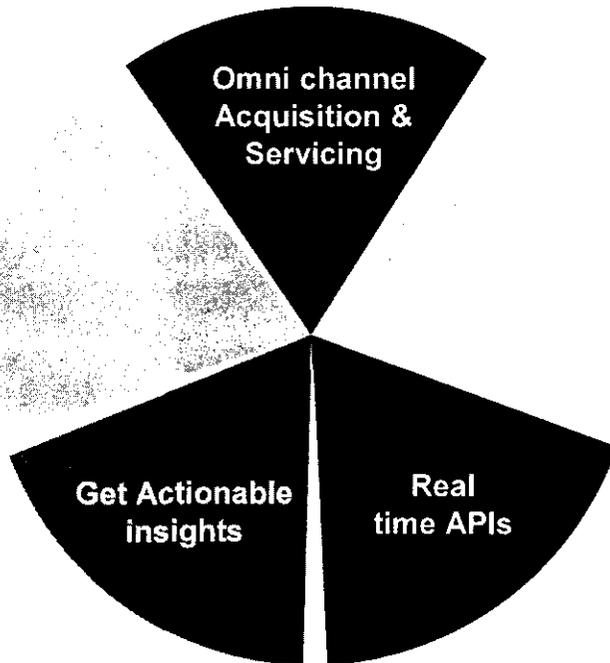
Digital Engagement

- Lead Form
- Wish list
- Pre Approved
- SMS / Email – With Link to lead form or offer Page

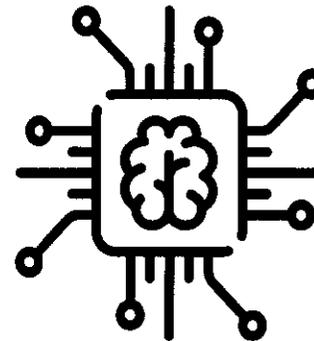


Digital Business

- Digital lending business
- Insurance Policy management
- Marketplace



CORE DIGITAL

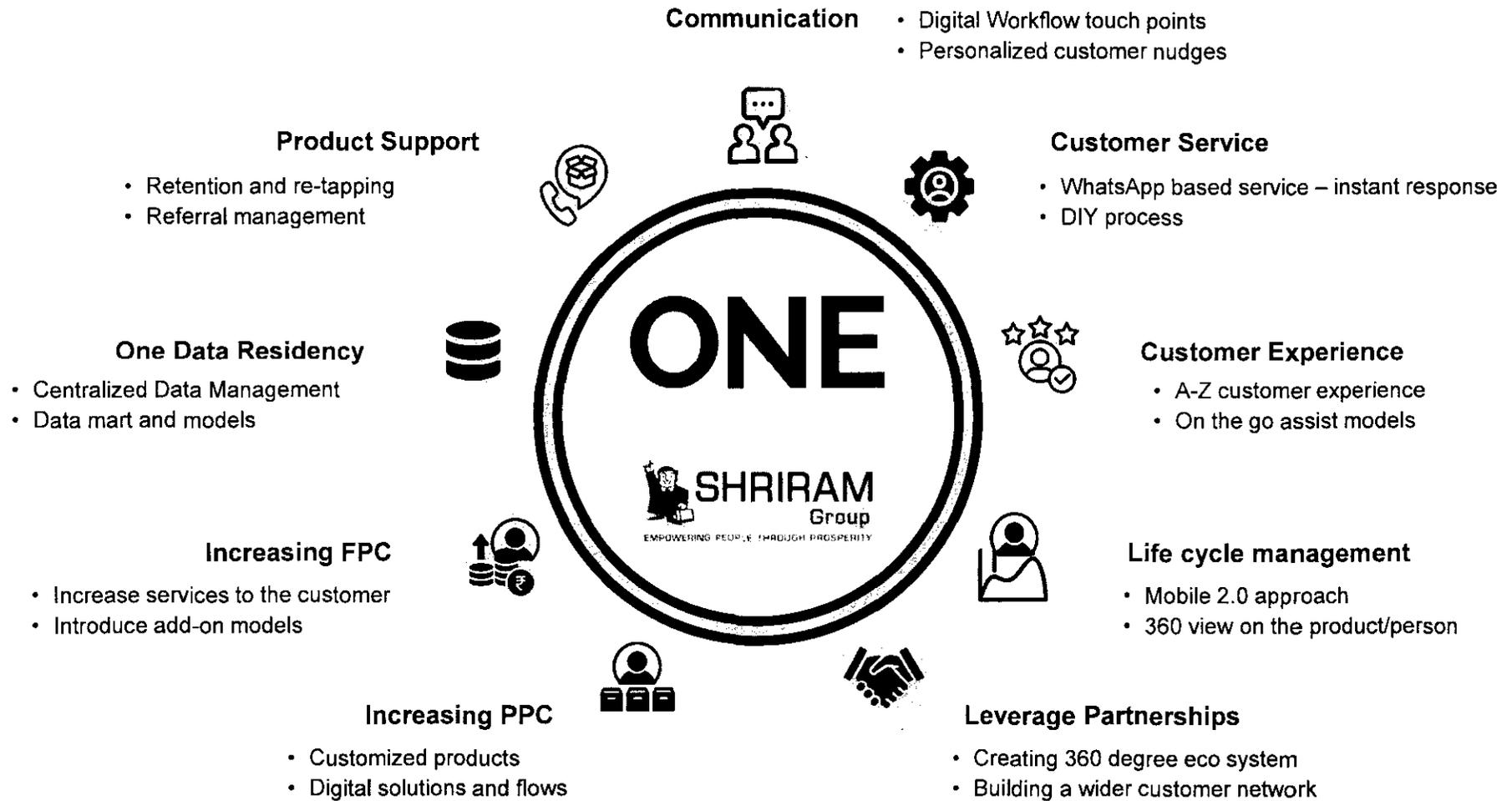


Key Technology Enablers – Digitized Workflows

An integrated platform covering all businesses of Shriram coupled with end-to-end digitized workflow is a step towards achieving exponential growth of the group

Customer on boarding	Qualify the customers	Income Verification & Credit Decisioning	Digital KYC	OPS & Disbursements
<p>Web/ Mobile SDK</p> <p>DSA Sourcing</p> <p>Campaign</p> 	<p>Run MCP rules</p> <p>Verify customer entered data</p> <p>Give Instant Approval</p> 	<p>Financial Assessment Automated / Manual Underwriting</p> <p>Real time credit decisioning updates on customer application journey</p> 	<p>CKYC</p> <p>Digilocker</p> <p>VKYC</p> <p>Selfie</p> 	<p>Digital Loan Agreement</p> <p>e-Mandate</p> <p>e-Sign</p> 
<p>UTM Tracking</p> <p>Capture Application data</p> <p>Check pre-approved offers</p> <p>E2E Application Tracking</p>	<p>Configurable Business Rule Engine for MCP</p> <p>3rd party API for PAN, Employer and Bureau checks</p> <p>App Score</p> <p>Configurable Business Rule Engine for Final Offer calculation</p>	<p>Credit One View & Dashboards</p> <p>Workflow for exception and deviation cases</p> <p>E2E Credit decision Tracking and case allocation</p>	<p>Modular and configurable</p> <p>Address Match and Photo Match</p> <p>RBI Compliant</p>	<p>Digital Process</p> <p>Core Banking Agnostic</p> <p>API Driven Disbursements</p>
<p>E2E Application Tracking</p>	<p>Final Approval in less than 1 min</p>	<p>Automated UW</p>	<p>Digital KYC</p>	<p>STP Disbursements</p>

Embarked on the Journey of “Shriram One” App – Key Objectives



Liabilities Strategy

Benefits of Combined Liability & Treasury

- ALM's of both the entities perfectly matched across buckets
- Excess liquidity maintained across both entities as a policy. Can be rationalized to bring down negative carry
- Larger treasury expected to give scale benefits, reduction in cost of funds and potential rating upgrade

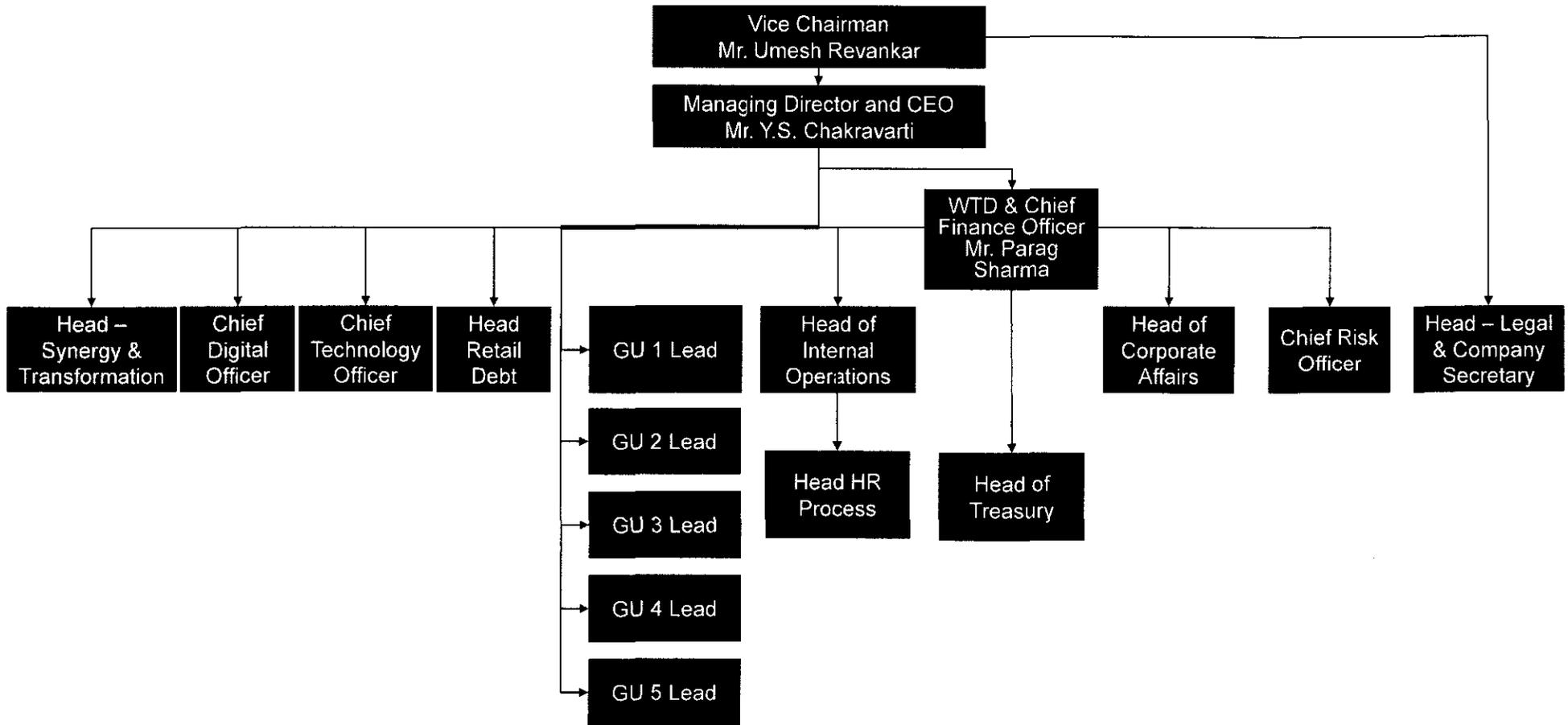
ESG Funds

- STFC has issued ESG focused – “social bonds” in offshore market for past 2 years with positive response
- Potentially explore larger participation from ESG investors for the consolidated business with EV & social cause factors in play enabling more resources at lower costs

Retail Debt Vertical

- Efficient sourcing mechanism in place for retail debt including Public deposits
- Public deposits contribute ~20% of overall borrowings & group is keen to nurture this further

Leadership Team of Merged Entity



Leveraging Depth of leadership across entities

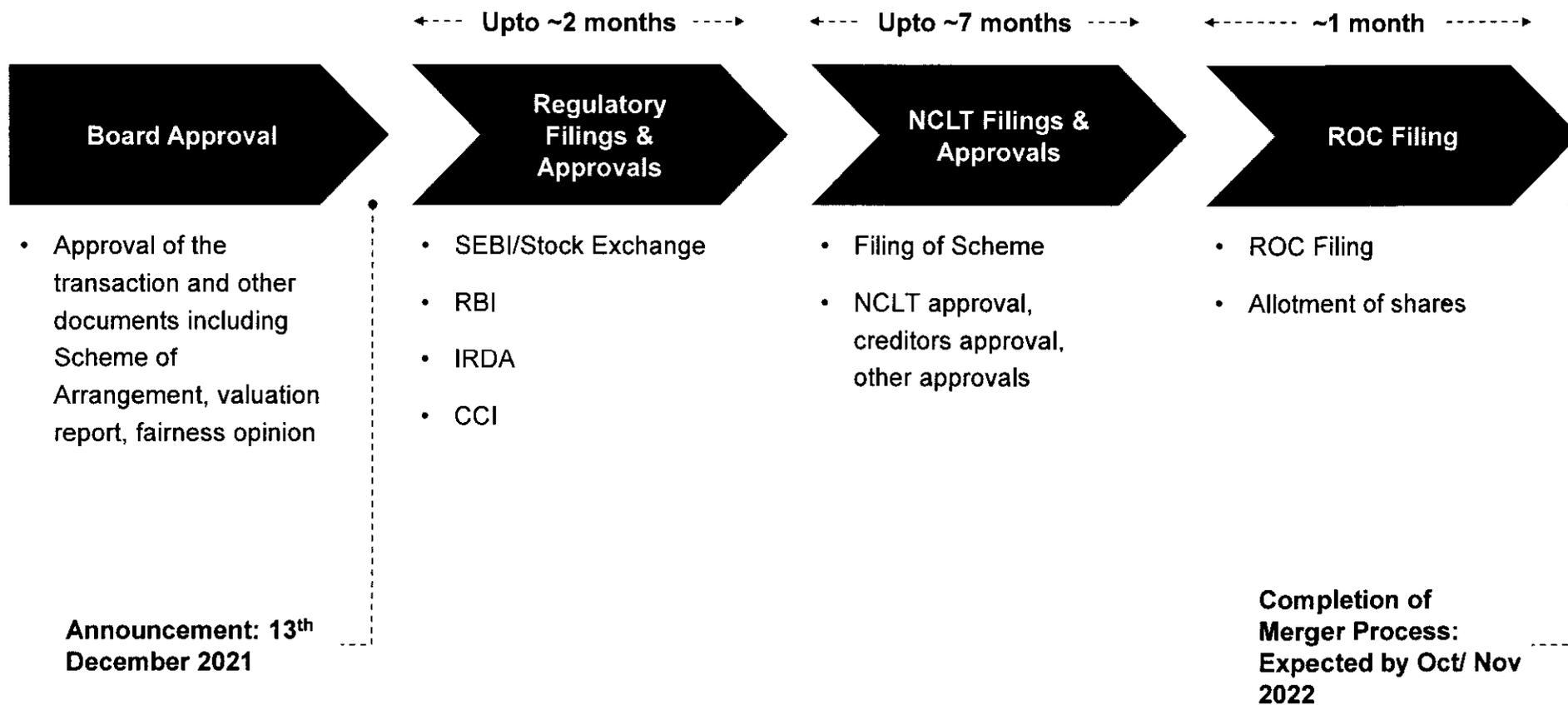
Key Financial and Operational Metrics (Proforma)

INR	STFC	SCUF	Merged (Proforma)
AUM	1,172 bn	296 bn	~1,500 bn
Networth / PAT	216 bn / 25 bn	81 bn / 10 bn	297 bn / 35 bn
RoA/RoE	2.0% / 12.6%	3.1% / 13.2%	2.4% / 12.7%
No. of Branches / Customers	2,634* / 2.1 mn	971 / 4.3 mn	3,605 / 6.4 mn
Capital Adequacy	22.5%	28.6%	23.8%
Cost to Income	21.2%	37.9%	28%
Gross Stage 3 / Net Stage 3	7.1% / 4.2%	6.4% / 3.1%	6.9% / 3.9%
Borrowings	1,062 bn	256 bn	1,318 bn

Data as of 31 Mar 2021 | Branch & Customer data as on 30th Sept 2021

* Includes 809 Rural Centres

Key Milestones, Expected Timelines and Approvals Required

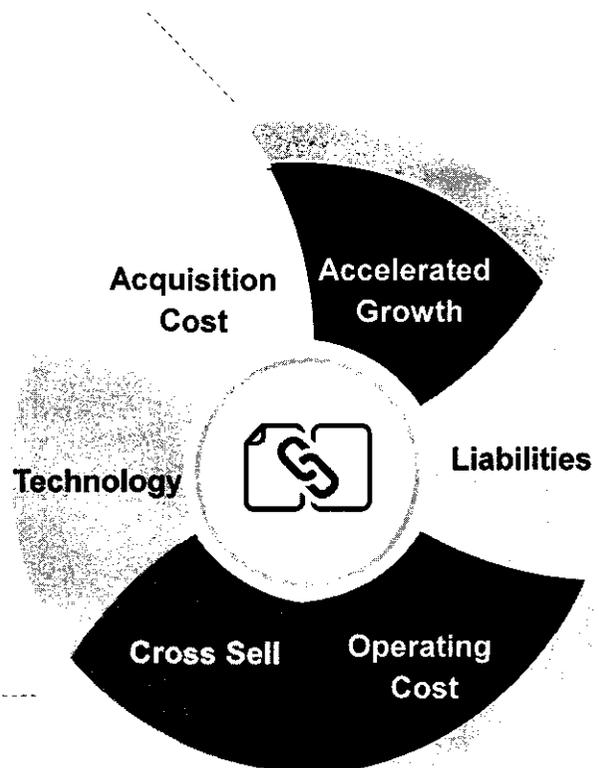


Key Synergy Estimates

- Reduction in Overall Acquisition cost due to unified databases and SuperApp architecture

- Both companies have a similar tech platform managed in-house
- Seamless integration resulting in a unified database

- Deepen Insurance Cross Sell
- Explore suitable products to be offered from the ecosystem to the unified customer base



- Superior growth supported by wallet share expansion
- 7/10 STFC customers & 5/10 SCUF customers have taken different loans/insurance from Shriram Ecosystem; aim is to get to 2PPC by FY 24

- Cost of Fund Benefit ~30-50 bps
- Larger treasury - better negotiating power
- Reducing the negative carry

- Focus on improving efficiencies & process improvements instead of cost cutting
- Improved employee productivity & better operational efficiencies on the back office functions – treasury / HR / tech etc

Incremental Bottom line growth of ~10% on account of synergies across verticals

Advisors

Transaction Advisors

ICICI Securities Limited;
Morgan Stanley India Company Private Limited

Tax Advisors

Ernst & Young LLP

Legal Advisors

J&M Legal

Valuation Advisors

Drushti R. Desai (Registered Valuer), Bansi S. Mehta & Co.;
Ernst & Young Merchant Banking Services LLP

Fairness Opinion

HSBC Securities and Capital Markets (India) Private Limited (for STFC);
JM Financial Limited (for SCUF)

Post Merger Integration

PricewaterhouseCoopers Services LLP

* Names appear in alphabetical order

Thank You