SHRIRAM CITY UNION FINANCE LIMITED

Performance Review for the quarter ended December 2016

Macro Economic Changes - Demonetization

- Government of India vide their Notification no. 2652 dated November 8, 2016 has withdrawn the Legal Tender status of ₹ 500 and ₹ 1,000 denominations of bank notes of the Mahatma Gandhi Series issued by the Reserve Bank of India.

IMPACT:

As we largely cater to the self-employed segments, which transact primarily in cash, we have experienced near term delays in payment due to the difficulties faced by these customers in converting their holdings within the stipulated time.

- ✓ Collections for the Quarter ended December 31, 2016 is down by 9.9 % compared to the collections for the Quarter ended September 30, 2016.
- ✓ Disbursements for the quarter ended December 31, 2016 is down by 7.4% compared to Quarter ended September 30, 2016.
- ✓ Two wheeler disbursements in the month of October 16 had been record high with the festive season and the first week of November 16 also had a significant portion of spill over business of the previous month – thus the impact of demonetization when seen on quarter as a whole has been muted.
- ✓ Disbursements in Loan against Gold & Small Enterprises Finance have been the most affected on account of demonization with the dip being close to 30%

Performance Updates

- Shriram City during the quarter ended December 2016, recorded 18.60% growth in Assets Under Management on a year on year basis and stands at Rs. 22544 Crores. Non gold AUM recorded a 23.5% growth. Small Business constitutes 55% of AUM as at December 2016, up from 53% as at December 15 and has recorded a 21.5% YOY growth & 2.40% growth on a quarterly basis

- For the quarter, AUM grew by 5.4% & non gold portfolio grew by 4.6%.

- Disbursements for the quarter was at Rs. 5146 Cr, growth of 10.30% as compared to December 15. while on a quarter on quarter bass, disbursements were negative by 7.60%. Disbursement in Small Business loans segment constituted 38% which was at 44% in previous quarter.

- Net Interest Margin (NIM's) were at 13.88% as compared to 13.94 % in December 15, Yield on Assets stood at 21.05% as compared to 21.53% in same period previous year

- Cost to Income ratio for the quarter ended December 16 stood at 39.05%

- NPA on 150 days recognition without considering dispensation provided is at 5.40% as compared to 4.96% in the previous quarter. Considering the dispensation GNPA is at 4.49%

- Profit After Tax for the quarter stood at Rs.157.74 Cr as against Rs. 204.49 Cr in previous quarter.

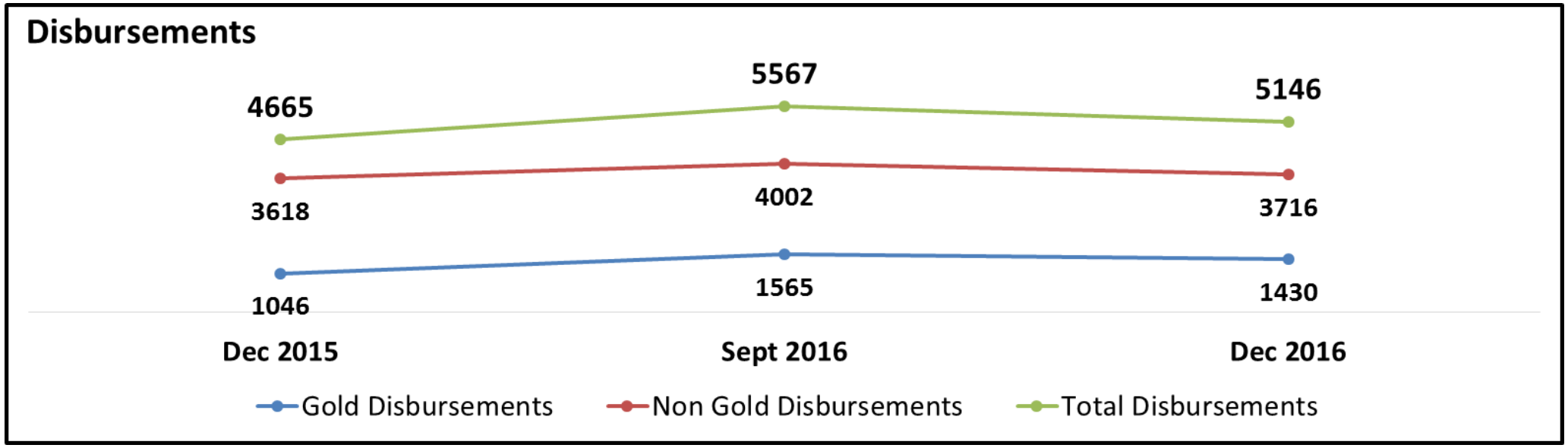
Performance Highlights

(INR in Crores)

Particulars	Quarter ended			Growth		9 months ending		YOY Growth
	Dec-15	Sep-16	Dec-16	YOY	QOQ	Dec-15	Dec-16	
Assets Under Management	**19016**	**21390**	**22544**	**18.6%**	**5.4%**	**19016**	**22544**	**18.6%**
Disbursements	4665	5567	5146	10.3%	-7.6%	13426	16111	20.0%
Income from Operations	1001	1115	1156	15.5%	3.6%	2859	3325	16.3%
Interest Expenses	353	380	393	11.4%	3.5%	1030	1141	10.7%
Net Interest Income	**648**	**735**	**762**	**17.7%**	**3.7%**	**1829**	**2184**	**19.4%**
Other Income	0	0	1	144.6%	101.9%	5	2	-50.6%
Personnel Expenses	121	135	139	15.2%	3.6%	360	411	14.2%
Operating Expenses *(incl Depreciation)*	137	148	158	15.3%	6.7%	393	443	12.8%
Pre Provisions Profits	**390**	**453**	**465**	**19.5%**	**2.8%**	**1081**	**1332**	**23.2%**
Provisions & Write offs	126	139	224	78.4%	61.2%	360	499	38.4%
Profit Before Tax	**264**	**313**	**241**	**-8.6%**	**-23.1%**	**720**	**833**	**15.6%**
Profit After Tax	**174**	**204**	**158**	**-9.5%**	**-22.9%**	**474**	**544**	**14.7%**

Disbursement & Assets Under Management

(INR in Crores)



Segment Wise AUM	As at		
	Dec 15	Sept 16	Dec 16
Small Enterprises Finance	53%	56%	55%
Two Wheeler	17%	18%	18%
Loan Against Gold	18%	14%	15%
Others	11%	12%	12%
Total Assets Under Management (Rs. Crores)	**19016**	**21390**	**22544**

Analysis on Average AUM

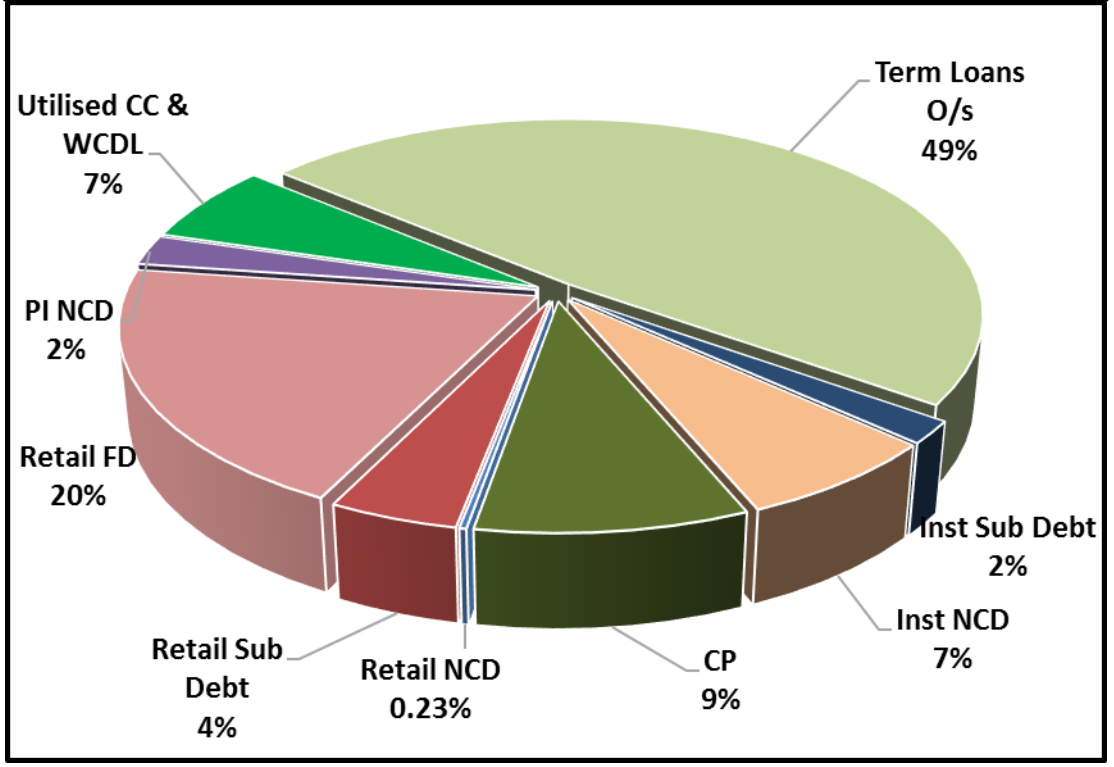
(INR in Crores)

Analysis on Average AUM:	Quarter ended		
	Dec-15	Sep-16	Dec-16
Income from Operations	21.53%	21.31%	21.05%
Financial Expenses	7.60%	7.27%	7.16%
Gross Spread	**13.94%**	**14.05%**	**13.88%**
Personnel Expenses	2.60%	2.57%	2.54%
OPEX	2.96%	2.84%	2.88%
Total Expenses	**5.56%**	**5.41%**	**5.42%**
Pre Provision Profits	**8.38%**	**8.65%**	**8.47%**
Provisions & Write offs	2.70%	2.66%	4.08%
Net Spread (pre tax)	**5.68%**	**5.99%**	**4.39%**

Borrowing Profile

(INR in Crores)

Segment wise Borrowing as at Dec 16



Details as at Dec 2016				
Particulars	Total	Fixed	Semi Fixed	Floating
Total Borrowings (Rs. Cr)	**16452**	7713	3269	5471
Weighted Average Tenor (in Months)	**18.86**	14.32	27.06	20.37

NPA Details

(INR in Crores)

Particulars	As at		
	Dec-15	Sep-16	Dec-16
NPA Recognition Norms	180 DPD	150 DPD	150 DPD (availing dispensation)
GNPA	632	1034	993
NNPA	123	282	125
Provisions	509	752	868
Total Assets	18625	20840	22132
GNNPA %	3.39%	4.96%	4.49%
NNPA %	0.66%	1.35%	0.57%
Coverage Ratio	81%	73%	87%

Product Segment Wise NPA details as at Dec 16

Product Segment	GNPA%	NNPA%	Coverage Ratio
Two Wheelers	3.95%	0.49%	88%
Auto Loans	5.39%	0.77%	86%
Personal Loans	5.77%	-	100%
Small Enterprises Finance	4.96%	0.58%	88%
Loan Against Gold	2.47%	0.75%	70%
Total	**4.49%**	**0.57%**	**87.4%**

Key Ratios

Particulars	Quarter ended		
	Dec - 15	Sep - 16	Dec 16
Tier I CRAR	23.83%	23.23%	22.64%
Tier II CRAR	3.25%	2.34%	2.00%
Capital Adequacy Ratio (%)	**27.08%**	**25.57%**	**24.65%**
Return on Average Net Worth (%)	15.63%	17.15%	12.87%
Return on Average Total Assets (%)	3.53%	3.73%	2.74%
Leverage	3.10 x	3.19 x	3.32 x
Book Value (Rs.)	687	736	751
Earnings Per Share (Rs.)	26.44	31.02	23.92

Subsidiary Performance Review
-Shriram Housing

Financial Highlights

(INR in Crores)

Particulars (INR cr.)	Q3 FY16	Q2 FY17	Q3 FY17	*QOQ Growth*	*YOY Growth*	YTD FY16	YTD FY17	*YOY Growth*
AUM	**1,082.0**	**1,752.8**	**1,833.4**	***4.6%***	***69.4%***	**1,082.0**	**1,833.4**	***69.4%***
Disbursements	**164.7**	**331.9**	**183.1**	***(44.8%)***	***11.2%***	**519.6**	**836.2**	***60.9%***
Retail Disbursements	*162.6*	*266.0*	*169.7*	*(36.2%)*	*4.4%*	*465.4*	*655.0*	*40.7%*
CF Disbursements	*2.1*	*65.9*	*13.5*	*(79.6%)*	*540.5%*	*54.2*	*181.4*	*234.7%*
Income from Ops	**44.6**	**72.3**	**74.3**	***2.8%***	***66.6%***	**118.0**	**203.4**	***72.3%***
Total Income	**44.7**	**73.1**	**75.6**	***3.4%***	***69.3%***	**118.2**	**205.5**	***73.9%***
Employee exp.	6.8	13.1	12.3	*(6.5%)*	*81.5%*	18.9	36.0	*90.3%*
Interest expenses	15.7	29.5	33.5	*13.6%*	*112.5%*	39.0	84.9	*117.7%*
Other expenses	7.0	12.5	11.4	*(9.2%)*	*63.2%*	20.1	32.4	*61.0%*
Prov. & write-offs	3.9	2.5	4.8	*87.6%*	*22.4%*	8.4	15.5	*86.0%*
Profit Before Tax	**11.3**	**15.5**	**13.8**	***(11.0%)***	***21.9%***	**31.9**	**36.8**	***15.5%***
Profit After Tax	**7.9**	**10.1**	**8.4**	***(17.1%)***	***6.0%***	**21.6**	**23.7**	***9.5%***

- Dip in q-o-q disbursement owing to various factors including the demonetization move
- Income from ops in Q3 FY17 grew 66% y-o-y
- Provisions & w/o increased 87.6% q-o-q and 22.4% y-o-y
- Quarterly PBT has reduced due to higher GNPAs and provisioning

Financial Highlights – Contd.,

Particulars	Q3 FY16	Q2 FY17	Q3 FY17	QOQ Variance	YOY Variance	YTD FY16	YTD FY17	YOY Variance
Income from Ops (% of avg. AUM)	17.04%	17.54%	16.44%	*(1.10%)*	*(0.60%)*	17.26%	17.37%	*0.10%*
NIMs	11.02%	10.39%	9.04%	*(1.35%)*	*(1.98%)*	11.56%	10.12%	*(1.44%)*
Cost to Income Ratio	47.46%	58.75%	56.05%	*(2.70%)*	*8.59%*	49.23%	56.63%	*7.39%*
Gross NPAs	3.09%	3.48%	3.65%	*0.17%*	*0.56%*	3.09%	3.65%	*0.56%*
Net NPAs	2.30%	2.47%	2.55%	*0.08%*	*0.25%*	2.30%	2.55%	*0.25%*
ROA	2.85%	2.19%	1.66%	*(0.53%)*	*(1.19%)*	2.98%	1.86%	*(1.12%)*
ROE	8.29%	10.10%	8.18%	*(1.92%)*	*(0.11%)*	7.75%	7.87%	*0.13%*
Debt / Equity	1.83x	3.62x	3.53x	(0.09x)	1.70x	1.83x	3.53x	1.70x
Capital Adequacy Ratio	53.84%	28.04%	29.0%	0.96%	*(24.84%)*	53.84%	29%	*(24.84%)*

- Income from Ops is marginally higher, but yield has dropped owing to lower disbursements
- Provision Coverage Ratio of 30% (vs. 29.05% q-o-q) achieved with excess provisioning of ~INR 3.7 cr. over & above NHB requirement
- ROA & ROE contracted due to lower PAT and marginal asset book growth

Thank You