SHRIRAM CITY UNION FINANCE LIMITED

Performance Review for the year ended March 2016

27th April 2016

Performance Highlights

Assets Under Management:
Assets Under management has recorded a growth of 17.1% on a year on year basis. Non Gold Loan portfolio has increased by 17.39%. Small Enterprises Finance grew by 18% during this period

On a Quarterly basis, the growth in overall AUM is up by 2.95% and non gold portfolio has grown by 4.14%. Small enterprises finance during the quarter has increased by 3.4%

Disbursements:
Disbursement have increased by 8% on YOY basis & the non gold disbursements recorded a 26% growth, with Small enterprises finance growing at 32% during the same period. On a quarterly basis, disbursement grew at 12%.

NPA Coverage Ratio
NPA have been recognized at 150 dpd basis as per statutory requirements and NPA coverage ratio is at 69.7%. Standard Assets provisions @ 0.30%. – impact of same is Rs. 177 Crores (including income de-recognition)

Personnel Expenses:
On account of changes in Bonus Act – Rs. 12.62 Cr of provisions for FY 15 & Rs. 10.27 Cr for first 3 quarters of FY 16 were created in Q4 FY 16

Other Income:
Increase in other income by Rs. 15.53 Cr, on account of write back of provisions for service tax

Performance Highlights

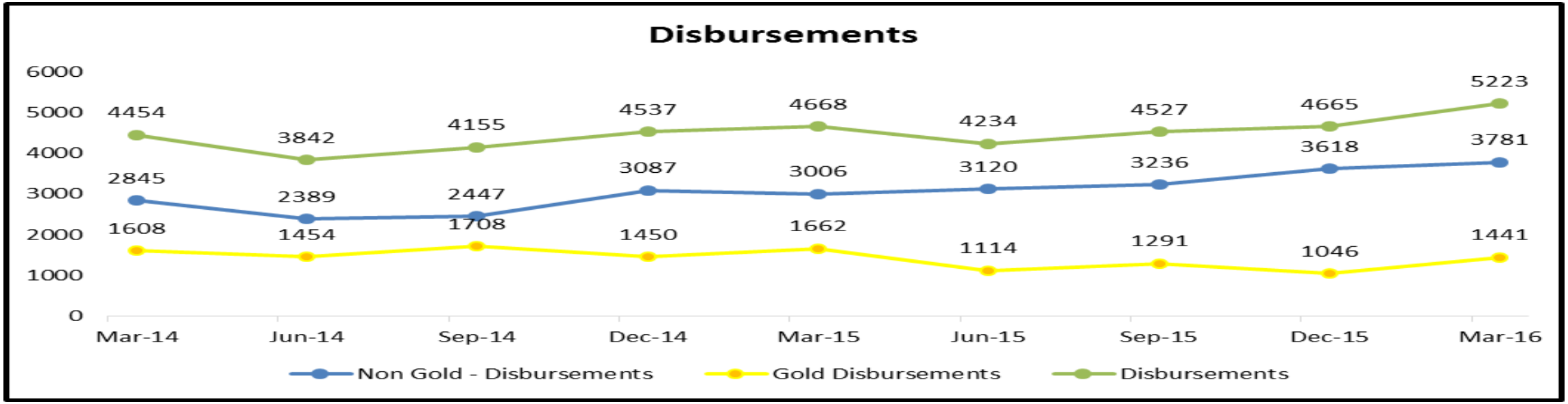
(INR in Crores)

Particulars	Quarter ended			Quarter Ended Growth		Year Ended		YOY Growth
	Mar-15	Dec-15	Mar-16	YOY (Mar 16 v. Mar 15)	QOQ (Mar 16 v. Dec 15)	Mar-15	Mar-16	
Assets Under Management	**16717**	**19016**	**19576**	**17%**	**3%**	**16717**	**19576**	**17%**
Disbursements	4668	4665	5223	12%	12%	17202	18649	8%
Income from Operations	892	1001	976	9%	-3%	3482	3835	10%
Interest Expenses	326	353	353	8%	0%	1327	1383	4%
Net Interest Income	**566**	**648**	**622**	**10%**	**-4%**	**2155**	**2451**	**14%**
Other Income	9	0	16	77%	6586%	49	21	-57%
Personnel Expenses	122	121	153	25%	26%	412	513	25%
Operating Expenses	122	137	143	17%	4%	498	536	8%
Pre Provisions Profits	**331**	**390**	**343**	**3%**	**-12%**	**1295**	**1423**	**10%**
Provisions & Write offs	107	126	256	139%	104%	454	616	36%
Profit Before Tax	**224**	**264**	**86**	**-61%**	**-67%**	**841**	**807**	**-4%**
Profits After Tax	**150**	**174**	**56**	**-63%**	**-68%**	**558**	**530**	**-5%**

On a comparable, Profit Before Tax recorded a 17% growth year on year and is at Rs. 981 Crores (as against reported Rs. 807 Crores)

Disbursement & Assets Under Management

(INR in Crores)



Segment Wise AUM	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Small Enterprises Finance	51%	52%	52%	53%	53%	54%	53%	53%	54%
Two Wheeler	18%	19%	18%	18%	18%	17%	16%	17%	18%
Loan Against Gold	17%	15%	18%	17%	18%	18%	19%	18%	17%
Others	15%	14%	12%	12%	11%	11%	11%	11%	11%
Total Assets Under Management	**14668**	**15028**	**15557**	**16177**	**16717**	**17483**	**18165**	**19016**	**19577**

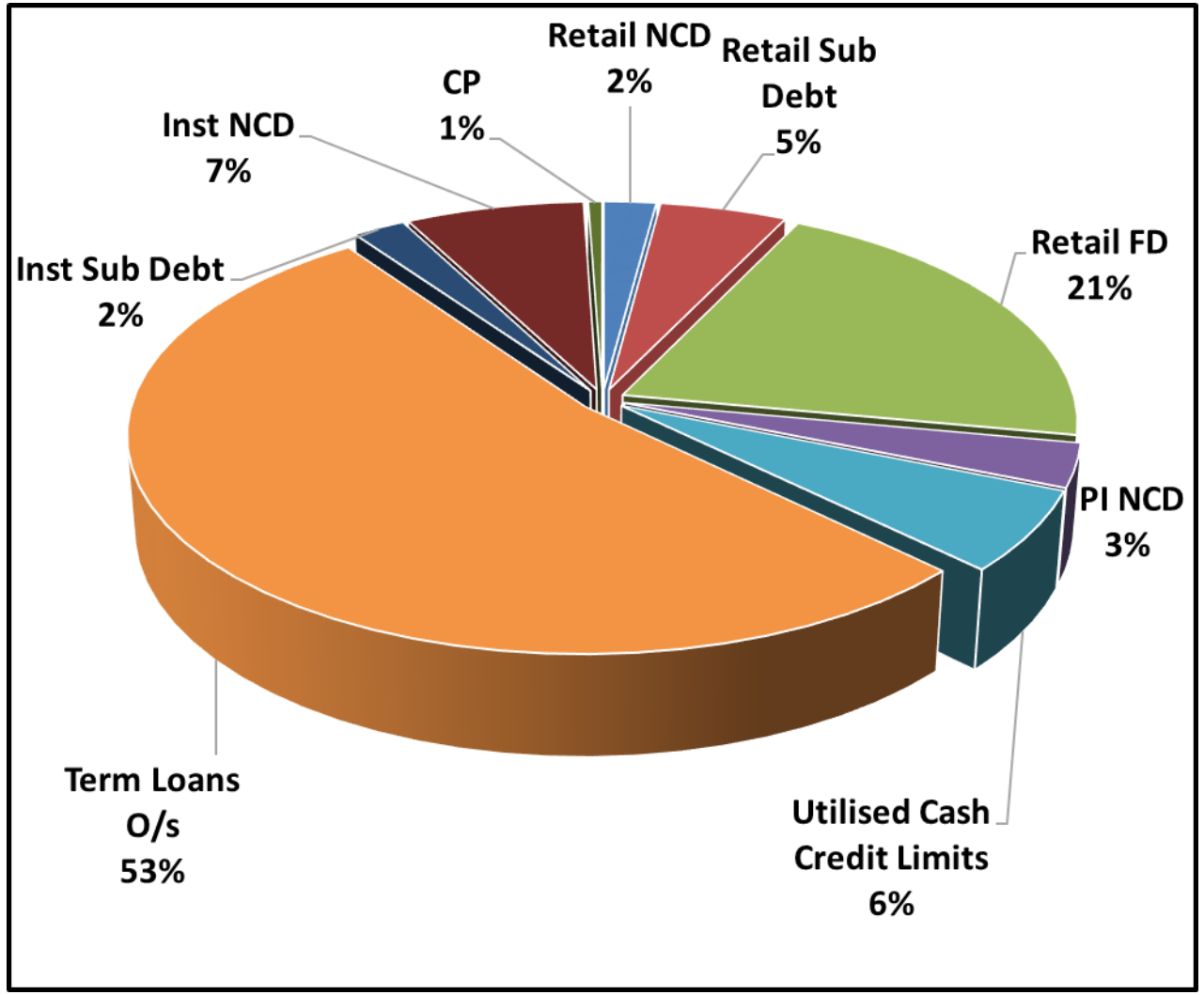
Analysis on Average AUM

(INR in Crores)

Analysis on Average AUM	Qtr ended			Year ended	
	Mar-15	Dec-15	Mar-16	Mar-15	Mar-16
Income from Operations	21.69%	21.53%	20.23%	22.19%	21.13%
Financial Expenses	7.93%	7.60%	7.33%	8.46%	7.62%
Gross Spread	**13.77%**	**13.94%**	**12.90%**	**13.73%**	**13.51%**
Personnel Expenses	2.96%	2.60%	3.17%	2.62%	2.83%
OPEX	2.97%	2.96%	2.97%	3.17%	2.95%
Total Expenses	**5.93%**	**5.56%**	**6.14%**	**5.80%**	**5.78%**
Other Income	0.22%	0.01%	0.34%	0.31%	0.12%
Pre Provision Profits	**8.06%**	**8.38%**	**7.10%**	**8.25%**	**7.84%**
Provisions & Write offs	2.60%	2.70%	5.31%	2.89%	3.40%
Net Spread	**5.46%**	**5.68%**	**1.79%**	**5.36%**	**4.45%**

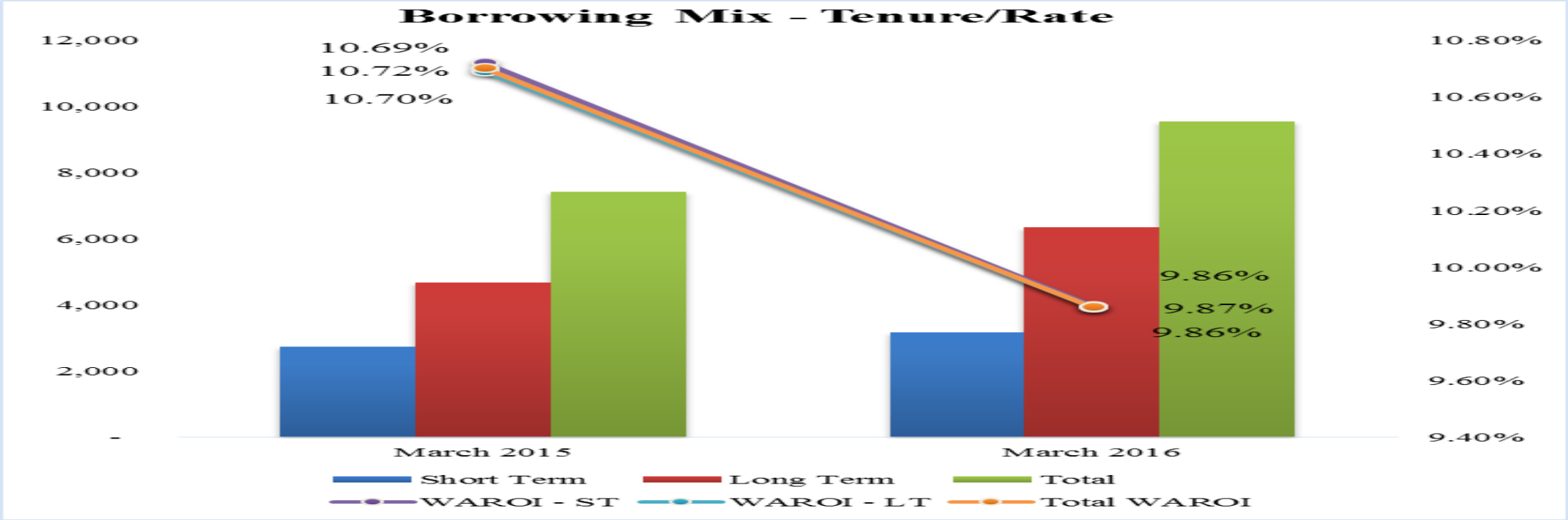
Borrowing Profile

(INR in Crores)



Details as at Mar 16			
Segment	**Fixed**	**Floating**	**Total**
Total Borrowings	5960	8449	14408
Weighted Average Tenor (in months)	21.65	26.06	24.24

Borrowings Performance – Non Retail Portfolio



✓Net fresh borrowings on non retail portfolio has increased by Rs. 2125 Crores, with the increase in overall tenor to 26 months as against 20 months in previous year

✓Cost of borrowings has recorded a 84 bps drop on account of dual benefit of reduction in base rate and increased market borrowings (CP)

✓81% of the borrowings (excluding retail) are with Floating rates

NPA Details

(INR in Crores)

Particulars	As at		
	Mar-15	Dec-15	Mar-16
NPA Recognition Norms	**180 DPD**	**180 DPD**	**150 DPD**
GNPA	491	632	980
NNPA	107	123	297
Provisions	385	509	683
Total Assets	15746	18625	19025
GNNPA %	3.12%	3.39%	5.15%
NNPA %	0.68%	0.66%	1.56%
Coverage Ratio	78%	81%	70%

Product Wise NPA (as at March 2016)	150 dpd (Reported)	180 dpd (Comparable)
Small Enterprises Finance	5.40%	3.09%
Two Wheeler	5.05%	4.52%
Loan Against Gold	3.82%	3.19%
Auto Loans	6.44%	4.91%
Personal Loans	5.96%	4.96%
Total	**5.15%**	**3.57%**

Shriram City addresses the financial requirements of Small Business Owners who keep the flag of the economy flying by catering to the local commercial ecosystem. Our customers operate in numerous trying circumstances, not the least of which is irregular, lumpy cash flows, which, however, are an integral feature of the type and size of businesses operated by both our customers and their own downstream markets. These uneven cash flows at times result in a delay on the part of our customers while repaying loans made to them by Shriram City. These delays are a natural fallout of the business environment and are not wilful.

Our lending model, based as it is on long-standing relationships with our customers and driven by a sense of community therefore does not prompt us to punitive action against these borrowers. However, in compliance with directions of Reserve bank of India in the matter of recognition of Non-performing Assets (NPAs), Shriram City shall, with effect from Q4FY16 migrate to recognition of delinquencies as permitted by RBI.

The decision to adhere to the RBI-permitted timetable in the matter is reflective of our confidence in our customers and in our ability to keep Loss given Defaults in check.

Key Ratios

Particulars	Quarter ended			Year Ended	
	Mar-15	Dec-15	Mar-16	Mar-15	Mar-16
Tier I CRAR	24.64%	23.67%	23.82%	24.64%	23.82%
Tier II CRAR	4.20%	3.23%	2.78%	4.20%	2.78%
Capital Adequacy Ratio	**28.84%**	**26.91%**	**26.60%**	**28.84%**	**26.60%**
Return on Average Net Worth**	14.76%	15.63%	4.87%	16.03%	12.22%
Return on Average Total Assets	**3.43%**	**3.53%**	**1.08%**	**3.24%**	**2.72%**
Leverage	3.03	3.10	3.14	3.03	3.14
Book Value	**620**	**687**	**695**	**620**	**695**
Earnings Per Share	22.70	26.44	8.42	86.18	80.38

**** March 2016 Net worth is pre dividend**

On a comparable basis (at 180 DPD NPA recognition & excluding one time items):

- **Return on Average Total Assets** as at March 2016 is **at 3.31%** as against 2.72% on reported basis.
- **Return on Average Net worth** as at March 2016 is **at 14.86%** as against 12.2% on reported basis

Subsidiary Performance Review
-Shriram Housing

P&L Comparison

(INR Cr)	Q3 FY16	Q4 FY16	*Growth*	Q4 FY15	Q4 FY16	*Growth*	FY15	FY16	*Growth*
AUM	1,082.0	1,275.0	**17.8%**	737.2	1,275.0	**73.0%**	737.2	1,275.0	**73.0%**
Disbursements	164.7	273.0	**65.8%**	181.2	273.0	**50.7%**	502.9	792.6	**57.6%**
Revenue from Ops.	44.6	49.2	*10.3%*	28.0	49.2	*75.9%*	83.7	167.2	*99.7%*
Other income	0.0	0.1	*22.9%*	1.2	0.1	*(95.4%)*	1.8	0.3	*(85.7%)*
Total revenue	**44.7**	**49.3**	***10.3%***	**29.2**	**49.3**	***68.6%***	**85.5**	**167.5**	***95.8%***
Employee exp.	6.8	**8.7**	*28.6%*	4.6	**8.7**	*90.6%*	14.8	27.6	*86.8%*
Interest expenses	15.7	**17.5**	*11.4%*	7.5	**17.5**	*132.4%*	14.3	56.5	*295.4%*
Other expenses	7.0	**10.0**	*44.0%*	6.7	**10.0**	*49.9%*	22.0	30.1	*37.0%*
Prov. & write-offs	3.9	**2.1**	*(45.1%)*	1.0	**2.1**	*119.5%*	4.4	10.5	*139.2%*
Total expenses	**33.4**	**38.4**	***15.1%***	**19.8**	**38.4**	***94.2%***	**55.4**	**124.7**	***125.0%***
Profit before tax	11.3	**10.9**	*(3.8%)*	9.5	**10.9**	*15.0%*	30.1	42.7	*42.0%*
Tax expenses	3.4	**3.5**	*3.7%*	3.1	**3.5**	*13.8%*	9.9	13.8	*39.1%*
PAT	**7.9**	**7.3**	***(7.0%)***	**6.3**	**7.3**	***15.6%***	**20.2**	**29.0**	***43.4%***
KEY RATIOS			***Variance***			***Variance***			***Variance***
Yield on assets	17.04%	16.79%	*(0.2%)*	17.16%	16.79%	*(0.4%)*	15.84%	16.62%	*0.8%*
Cost of borrowings	9.74%	9.10%	*0.6%*	8.96%	9.10%	*(0.1%)*	7.90%	9.30%	*(1.4%)*
Spread	7.30%	7.69%	*0.4%*	8.19%	7.69%	*(0.5%)*	7.94%	7.32%	*(0.6%)*

Q4 FY16 – Financial Highlights

	Q-o-Q comparison			Y-o-Y comparison			Y-o-Y comparison		
Particulars	**Q3 FY16**	**Q4 FY16**	**Variance**	**Q4 FY15**	**Q4 FY15**	**Variance**	**FY15**	**FY16**	**Variance**
Income from Ops (% of avg. AUM)	17.04%	16.79%	**(0.25%)**	17.16%	16.79%	**(0.24%)**	15.84%	16.62%	**0.78%**
NIMs	11.02%	10.81%	**(0.21%)**	12.53%	10.81%	**(1.59%)**	13.13%	11.00%	**(2.13%)**
Cost to Income Ratio	47.46%	59.00%	**11.54%**	51.89%	59.00%	**7.11%**	51.59%	52.03%	**0.44%**
Gross NPAs	3.09%	2.76%	**(0.33%)**	2.05%	2.76%	**0.71%**	2.05%	2.76%	**0.71%**
Net NPAs	2.30%	1.99%	**(0.31%)**	1.68%	1.99%	**0.31%**	1.68%	1.99%	**0.31%**
ROA	2.85%	2.33%	**(0.52%)**	3.40%	2.33%	**(1.07%)**	3.55%	2.66%	**(0.89%)**
ROE	8.29%	7.66%	**(0.63%)**	7.17%	7.66%	**0.49%**	5.73%	7.72%	**1.99%**
Debt / Equity	1.83x	2.19x	**(0.36x)**	1.00x	2.19x	**(1.19x)**	1.00x	2.19x	**(1.19x)**

- Y-o-y ROE improvement on back of higher leverage
- NIMs continue to contract on back of increased leverage
- Cost to Income ratio increased owing to higher employee costs and opex
- GNPA has improved on Q-o-Q basis
- Exercised SARFAESI option
- For higher coverage ratio (27.82%), excess provisioning of INR 2.63 cr. made over & above NHB requirement

Consolidated Statements

Consolidated – Profit & Loss Account Statement

SHRIRAM City
MONEY WHEN YOU NEED IT MOST

(INR in Crores)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2016
INCOME		
Revenue from operations	3562	3998
Other income	51	21
Total	**3613**	**4020**
EXPENSES		
Employee benefits expense	426	541
Finance costs	1340	1440
Depreciation and amortization expense	44	38
Other expenses	478	524
Provisions & write offs (net)	458	627
Total	**2746**	**3170**
Profit before tax	**867**	**849**
Tax expense:		
- Current tax	304	299
- Deferred tax	-12	-8
- Tax of earlier years	-1	0
Total tax expense	**291**	**291**
Profit after tax from continuing operations	**575**	**559**
Less: Minority Interest	4	7
	571	**552**
Earnings per equity share		
Equity shares of par value `10/- each		
Basic (`)	88.24	83.76
Diluted (`)	88.09	83.65

Consolidated – Balance Sheet

(INR in Crores)

Particulars	As at March 31, 2015	2016
I. Equity and Liabilities		
1. Shareholders' funds		
(a) Share capital	66	66
(b) Reserves and surplus	4150	4663
(c) Share application money pending allotment		
	4216	**4729**
2. Non-current liabilities		
(a) Long-term borrowings	8090	10013
(b) Other long-term liabilities	354	501
(c) Long-term provisions	93	191
	8537	**10705**
3. Current liabilities		
(a) Short-term borrowings	1177	1053
(b) Other current liabilities	4198	4903
(c) Short-term provisions	445	595
	5821	**6551**
4. Minority Interest	83	89
Total	**18656**	**22073**

Particulars	As at March 31, 2015	2016
II. ASSETS		
1. Non-current assets		
(a) Fixed assets:		
(i) Tangible assets	77	73
(ii) Intangible assets	7	14
(b) Non-current investments	102	367
(c) Deferred tax assets	31	39
(d) Long-term loans and advances	6055	7410
(e) Other non-current assets	137	35
	6408	**7939**
2. Current assets		
(a) Current Investments	735	347
(b) Cash and bank balances	803	655
(c) Short-term loans and advances	10577	13010
(d) Other current assets	134	122
	12248	**14134**
Total	**18656**	**22073**

Thank You