Investor Presentation

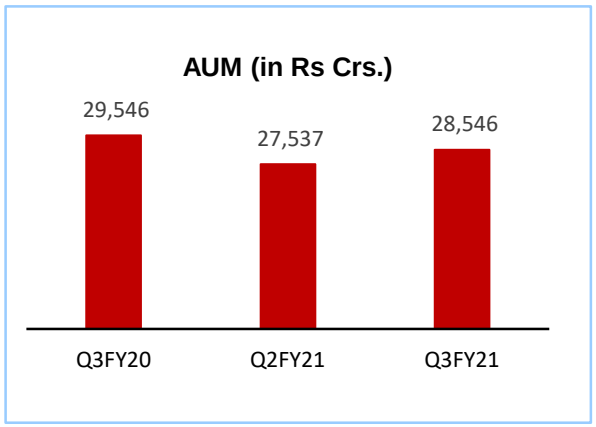
Q3FY21 and 9MFY21 (December 2020) Results

Q3FY21 : Highlights

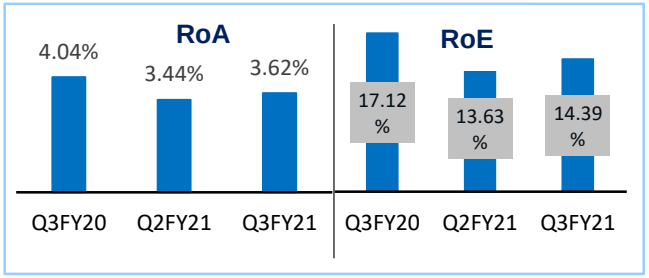
- **Disbursements doubled in the quarter sequentially. SME loans witnessed a sequential growth of 186%. Two Wheeler loans grew 133% sequentially and represented our highest ever disbursements. Gold loan disbursements grew at over 24% sequentially and were at their highest compared to fifteen previous quarters.**
- **AUM grew sequentially by 3.7%.**
- **Operating Expenses moderated YoY, but were higher sequentially as a result of commensurate increase in lending operations. Cost-to-Income continued to trend below 40%, as earlier guided.**
- **Asset quality improved 205 bps YoY and 21 bps QoQ. Impairments too were lower by 38 bps QoQ, leading to Credit Costs of 2.50% for the quarter.**
- **Covid-related provisioning for the quarter was Rs. 592 Crore..**
- **Loan Yields in the quarter were 20.53% (previous quarter: 19.99%). Our Net Interest Margin in the quarter was the highest compared to eight previous quarters..**
- **Incremental borrowing in the quarter amounted to Rs. 4556 Crore, representing our highest-ever quarterly longer-term resource mobilization (weighted average tenor: 36 months). Cost of Funds continued to moderate. We also successfully floated Market Linked Debentures in the quarter, a first for the Company.**
- **We carried a liquidity backup of free unencumbered assets worth Rs. 2670 Cr and Rs. 884 Cr of SLR investments. Undrawn bank lines stood at Rs. 370 Cr**
- **We continued in the quarter to bring about further improvements in our processes involving Information Technology. We also initiated digital marketing endeavors related to both assets and liabilities. Our website now enables more seamless loan customer acquisition, and while we already process retail deposits online, we are also working towards bringing in a digital option for our Recurring Deposit product.**

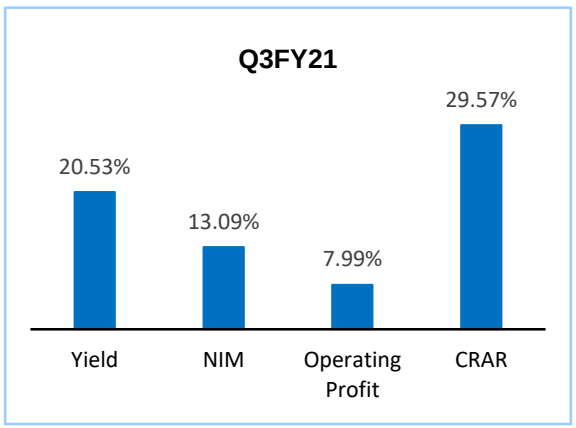
Company Background

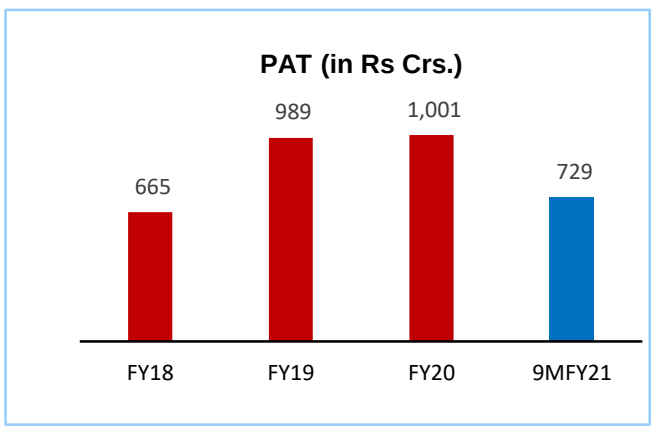
- Market leader – differentiated position in large under-served retail markets
- Strong parentage and an established track record in financial services



- Strong business fundamentals with diversification-led growth
- Healthy capitalization and balance Sheet with adequate liquidity







- Primarily caters to under-banked customers
- 930 branches with strong presence in rural and semi-urban markets
- Leading small enterprise finance company in India in the Small Loans segment
- Leading two-wheeler financier in India
- Active customer base of 40.13 Lakhs. Strong base of 24156 employees

CREDIT RATING - LONG TERM

AA CARE | AA INDIA RATINGS | AA ICRA | AA CRISIL

CREDIT RATING - SHORT TERM

A1+ CARE | A1+ ICRA

Performance Highlights for Q3 FY21
Key Financial Metrics

Disbursements

INR Cr.

Product	Q3FY20	Q3FY21	Q2FY20	Q2FY21	Q1FY20	Q1FY21	9MFY20	9MFY21
Small Enterprise Finance	1505	1042	1595	364	2279	20	5379	1426
Two Wheelers	1887	2060	1252	883	1284	652	4423	3595
Personal Loan	185	622	699	58	776	0	1660	680
Pre-owned Two Wheelers	396	449	0	189	0	1	396	639
Auto Loans	4	95	5	5	146	5	155	105
Gold Loans	1844	1930	1650	1562	1789	648	5283	4139
Total	**5822**	**6197**	**5201**	**3061**	**6274**	**1326**	**17296**	**10584**

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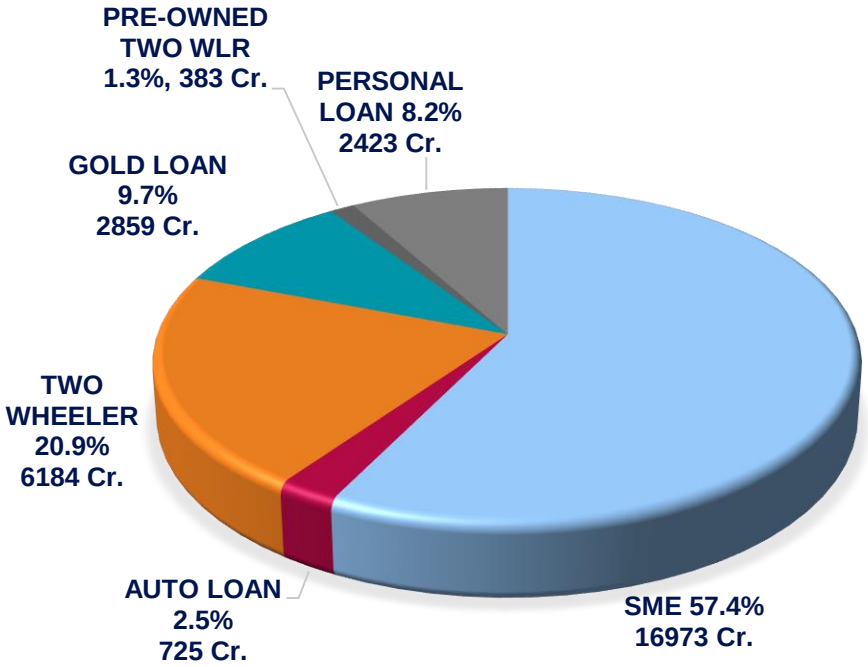
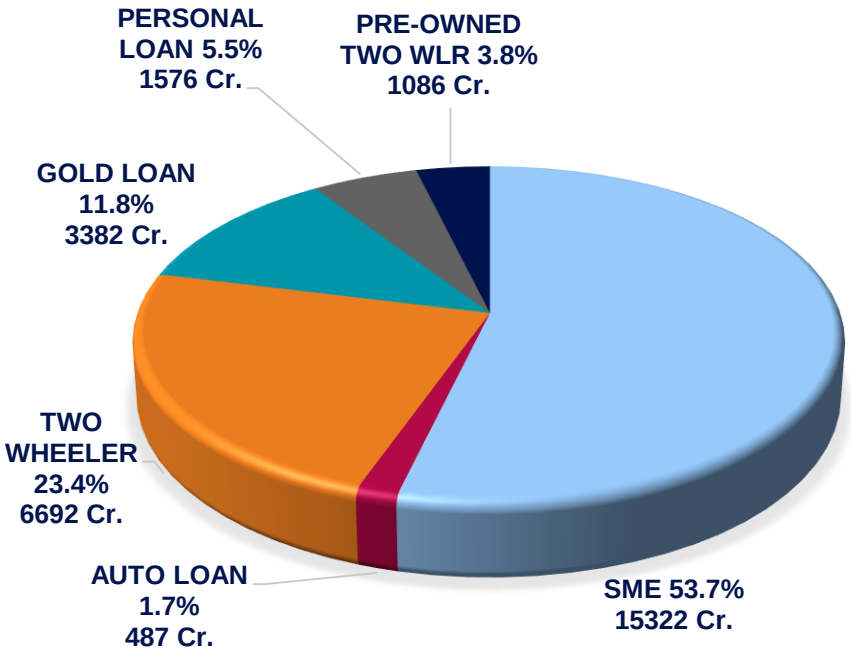
Performance Highlights – AUM

Q3FY20



Total – Rs. 29546 Cr.

Q3FY21



Total – Rs. 28546 Cr.

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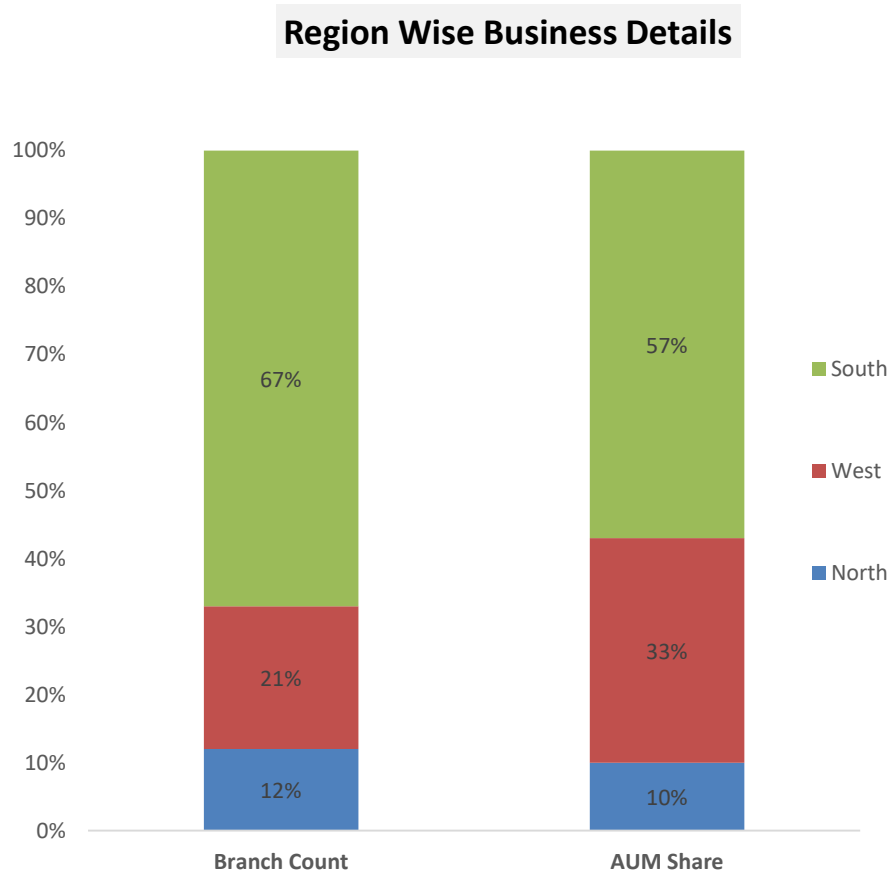
Performance Highlights – Region-wise Breakup of Business

930 branches as on 31-Dec-2020



- **Owing to our origins, South India continues to have a higher share in network and AUM contribution, especially in SME loans and Gold loans.**
- **Festival season business was strong.**
- **We introduced Gold loans to certain Northern regions, and this business is trending well there.**

Performance Highlights
Income Statement – Quarter ended Dec. 2020

Particulars (INR in Crores)	Q3FY20	Q2FY21	Q3FY21	Growth	
				YoY	QoQ
Assets Under Management	29546	27537	28546	(3.4%)	3.7%
Disbursements	5822	3061	6197	6.5%	102.4%
Interest Income	1470	1399	1439	(2.1%)	2.9%
Interest Expenses	523	519	522	(0.3%)	0.5%
Net Interest Income	947	880	918	(3.1%)	4.3%
Operating Expenses	374	318	358	(4.4%)	12.4%
Operating Profit	573	562	560	(2.2%)	(0.3%)
Impairment on Financial Instruments & Write-offs	182	201	175	(3.6%)	(12.9%)
Profit Before Tax	390	360	385	(1.5%)	6.7%
Tax Expenses	94	104	105	12.1%	1.4%
Profit After Tax	297	257	280	(5.7%)	8.9%

Performance Highlights
Income Statement – 9M ended Dec. 2020

Particulars (INR in Crores)	9MFY20	9MFY21	Growth
Assets Under Management	29546	28546	(3.4%)
Disbursements	17296	10584	(38.8%)
Interest Income	4446	4253	(4.3%)
Interest Expenses	1591	1578	(0.8%)
Net Interest Income	2855	2675	(6.3%)
Operating Expenses	1131	986	(12.8%)
Operating Profit	1724	1689	(2.1%)
Impairment on Financial Instruments & Write-offs	572	687	20.1%
Profit Before Tax	1152	1002	(13.1%)
Tax Expenses	305	273	(10.5%)
Profit After Tax	847	729	(14.0%)

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Performance Highlights
Analysis on Average AUM & Key Ratios - Quarterly

Analysis on Average AUM	Q3FY20	Q2FY21	Q3FY21
Yield on Assets	19.84%	19.99%	20.53%
Interest Expenses	7.06%	7.42%	7.44%
Net Interest Margin	12.78%	12.58%	13.09%
Operating Expenses	5.05%	4.55%	5.10%
Operating Profit	7.73%	8.03%	7.99%
Credit Cost	2.46%	2.88%	2.50%
Net Spread (Pre Tax)	5.27%	5.15%	5.49%
RoA	4.04%	3.44%	3.62%
RoE	17.12%	13.63%	14.39%
Leverage (times)	3.12	2.84	2.96
Cost to Income Ratio	39.53%	36.16%	38.97%
Earnings per Share (Rs.)	44.97	38.92	42.38
Book Value per Share (Rs)	1070	1161	1194
Net Worth (Rs. Cr.)	7060	7663	7883
CRAR Total	25.30%	30.14%	29.57%
CRAR (Tier I)	25.30%	30.14%	29.57%

SHRIRAM City
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Performance Highlights
Analysis on Average AUM & Key Ratios – 9M

Analysis on Average AUM	9MFY20	9MFY21
Yield on Assets	20.05%	19.68%
Interest Expenses	7.17%	7.30%
Net Interest Margin	12.88%	12.38%
Operating Expenses	5.10%	4.56%
Operating Profit	7.78%	7.81%
Credit Cost	2.58%	3.18%
Net Spread (Pre Tax)	5.20%	4.63%
RoA	3.81%	3.10%
RoE	16.80%	12.88%
Leverage (times)	3.12	2.96
Cost to Income Ratio	39.61%	36.87%
Earnings per Share (Rs.)	128.41	110.43
Book Value per Share (Rs)	1070	1194
Net Worth (Rs. Cr.)	7060	7883
CRAR Total	25.30%	29.57%
CRAR (Tier I)	25.30%	29.57%

Stage Analysis

INR Cr.

Provisions Analysis as per Ind AS	Q3FY20	Q2FY21	Q3FY21	*Q3FY21 – As per Supreme Court Order*
Stage 3 - Gross	2461	1820	1833	*1303*
Stage 3 - ECL Provisions	1073	989	966	*966*
Stage 3 – Net	1388	831	867	*336*
Stage 3 - Coverage Ratio (%)	**43.60%**	**54.36%**	**52.71%**	***74.18%***
Stage 1 & 2 – Gross	26461	25460	26554	*27084*
Stage 1 & 2 - ECL Provisions	854	1130	1121	*1121*
Stage 1 & 2 – Net	25607	24330	25433	*25963*
Stage 1 & 2 - ECL Provisions %	**3.23%**	**4.44%**	**4.22%**	***4.14%***
Stage 3 % - Gross	**8.51%**	**6.67%**	**6.46%**	***4.59%***
Stage 3 % - Net	**4.98%**	**3.16%**	**3.16%**	***1.23%***

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Analysis of Stage 3

Product	Stage 3 Gross %			Stage 3 Net %			Stage 3 ECL %		
	Q3FY20	Q2FY21	Q3FY21	Q3FY20	Q2FY21	Q3FY21	Q3FY20	Q2FY21	Q3FY21
Small Enterprise Finance	8.86%	7.48%	7.37%	5.05%	3.12%	3.09%	45.32%	60.11%	59.95%
Two Wheelers	8.89%	5.89%	5.84%	5.05%	2.85%	3.08%	45.42%	53.24%	48.80%
Personal Loans	10.99%	10.89%	10.69%	6.74%	6.34%	6.53%	41.46%	44.60%	41.62%
Pre-owned Two Wheelers	0.00%	0.09%	1.07%	0.00%	0.04%	0.49%	0.00%	61.13%	54.90%
Auto Loans	9.08%	8.64%	8.61%	4.59%	3.75%	4.15%	51.82%	58.83%	54.08%
Loan Against Gold	3.38%	3.53%	2.98%	3.22%	3.37%	2.85%	4.97%	4.72%	4.67%
Total	**8.51%**	**6.67%**	**6.46%**	**4.98%**	**3.16%**	**3.16%**	**43.60%**	**54.36%**	**52.71%**

Diversified Borrowing Profile & adequate Liquidity Backup

Source	Q3FY20	Q2FY21	Q3FY21
Total Borrowings (INR Cr.)	**22030**	**21770**	**23372**
Bank borrowings	49%	49%	49%
Retail Fixed Deposits	19%	22%	22%
Public Issue of NCDs	4%	4%	4%
Market borrowings	14%	11%	9%
Securitization	14%	14%	16%
Average Cost of Borrowing (%)	**9.62%**	**9.56%**	**9.24%**

*As on 31st Dec. 2020, **liquidity backup** was available in the form of free unencumbered assets of Rs. 2670 Cr ., SLR investments of Rs. 884 Cr. and undrawn Bank lines of Rs. 370 Cr..*

ALM statement as on 31-Dec-2020

INR Cr.

Particulars	0 day to 7 days	8 days to 14 days	15 days – 30/31 days	Over 1 month - upto 2 months	Over 2 months - upto 3 months	Over 3 months - upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	TOTAL
Net Cash Position	1990	15	300	150	215	0	0	0	0	0	**2670**
Scheduled Inflows from performing loans	1074	469	323	1332	1433	3341	7181	9254	1348	801	**26554**
Scheduled Outflows	16	75	550	635	1273	2661	6483	9756	1918	5	**23372**
Mismatch	3047	409	73	846	375	680	699	-503	-570	796	**5852**
Cumulative Mismatch	**3047**	**3456**	**3529**	**4375**	**4750**	**5430**	**6129**	**5626**	**5056**	**5852**	

Analysis is based on Scheduled Inflows from Standard Assets & Scheduled Outflows of borrowings. Net cash position represents only free & unencumbered cash and bank balances.

Product Summary

53.7% of AUM

MSME Financing

Launch Year: 2006

- Loans to micro, small and medium enterprises.
- Strong Presence in Andhra, Telangana, Tamil Nadu & Maharashtra.

New: 23.4%
P/O: 3.8%
of AUM

Two-Wheeler Financing – New and Preowned

Launch Year:
- New:2002,
- Preowned: 2019

- Among the largest 2W financiers on volume basis
- Focus on non salaried class
- Tech- based lending

11.8% of AUM

Gold Loans

Launch Year: 2007

- Focused on 5 leading gold demand states.
- Offered through existing regional network.

5.5% of AUM

Personal Loans

Launch Year: 2002

- Cross sell product
- Entirely based on data mining & analytics
- Cash Flow based Lending

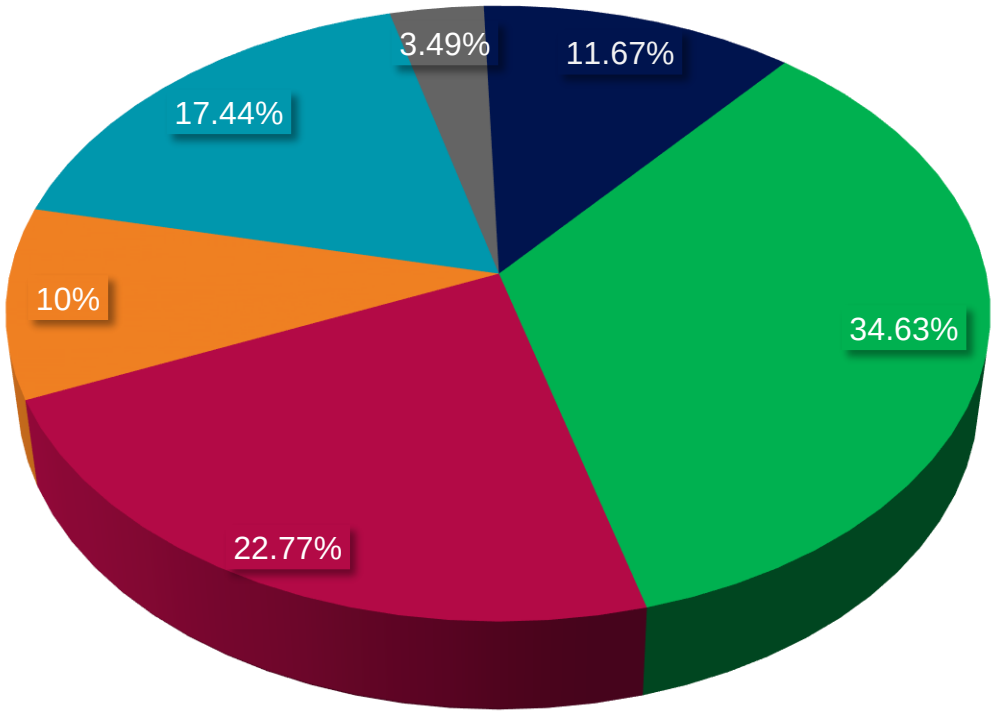
1.7% of AUM

Auto Loans

Launch Year: 2006

- Primarily involves Preowned cars, PVs & 3Ws and 2Ws
- Relationship based lending, offered to existing/past customers.

Stakeholders' Profile



- SHRIRAM CAPITAL LTD. AND SHRIRAM VENTURES (CHENNAI) PVT. LTD.
- DYNASTY ACQUISITION FPI LTD. AND ARKAIG ACQUISITION (FPI) LTD. ("APAX")
- PIRAMAL ENTERPRISES LTD.
- OTHER FIIs/FPIs WITH 1% AND ABOVE SHAREHOLDING
- MUTUAL FUNDS WITH 1% AND ABOVE SHAREHOLDING
- OTHERS

SUBSIDIARY DETAILS

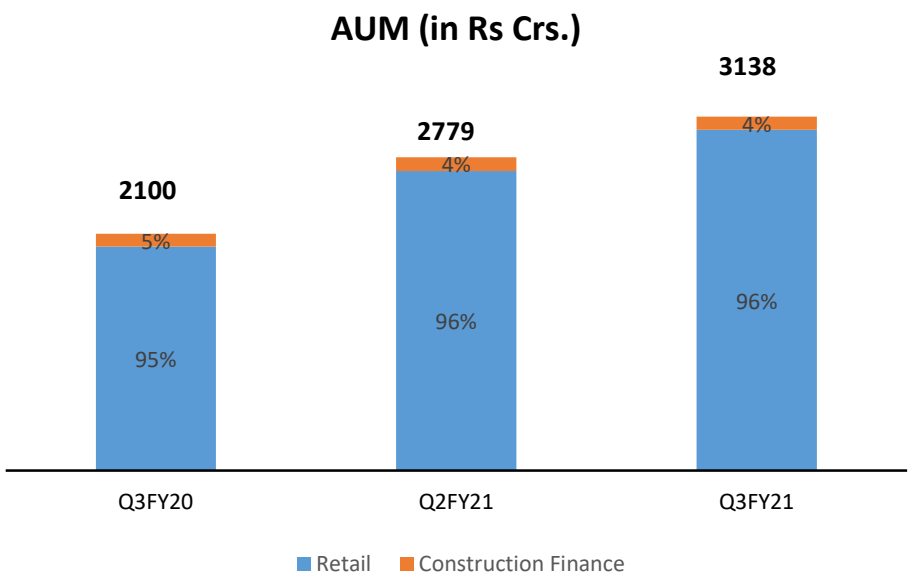
SHRIRAM HOUSING FINANCE LIMITED

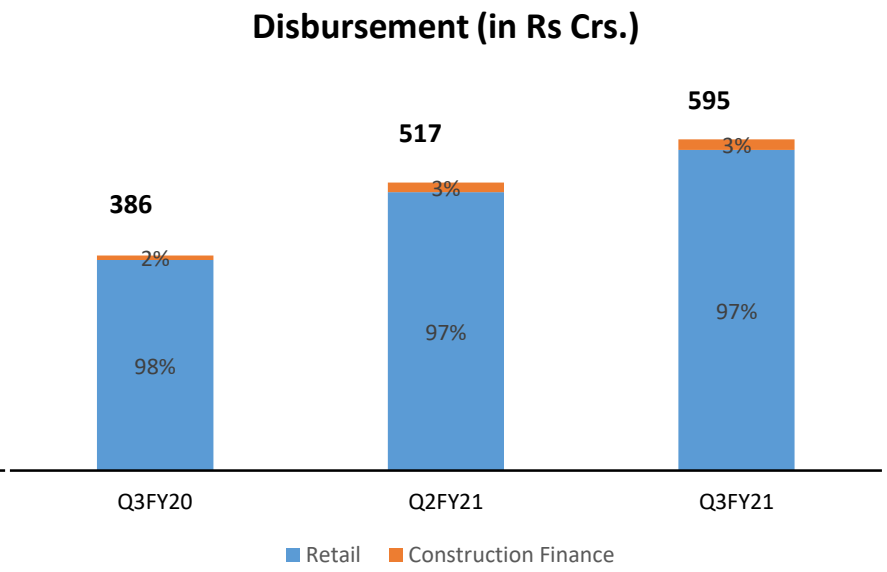
Shriram Housing Finance Ltd.

Housing: 10% of Consol AUM

- ✓ **Registered as non-deposit accepting HFC with the National Housing Bank**
- ✓ **Predominantly catering to self-employed borrowers/ informal salaried customers in Tier-II / Tier-III towns**
- ✓ **Focus on middle-income segment; average ticket size of INR 21 lakhs**
- ✓ **Operates out of 73 branches across 15 states in India with 772 employees, catering to 13515 customers**
- ✓ **Rated 'AA' by Care Ratings and 'Ind AA' by India Ratings**

Loan AUM & Disbursement Split





SHRIRAM HOUSING FINANCE

Shriram Housing Finance Ltd. – Q3 snapshot

- ✓ **Highest-ever quarterly disbursements of Rs. 595 Crore in Q3..**
- ✓ **AUM was up 49.4% YoY and 12.9% sequentially. AUM has grown by 70% since March 2019.**
- ✓ **GNPAs and NNPAs stood at 1.71% and 1.22% respectively basis adoption of the Hon'ble Supreme Court Order dated 3rd September 2020 regarding standstill on delinquencies. Without the effect of said order, GNPAs and NNPAs would have been at 2.40% and 1.91% respectively. PCR for the quarter was 28.5%.**
- ✓ **Cost of Funds further moderated in the quarter and stood at 9.11%.**
- ✓ **Of overall borrowings of Rs. 2600 Cr., 77% comprised loans from Banks and NHB, the balance being in the form of NCDs.**
- ✓ **As on 31-Dec-20, SHFL possessed backup liquidity of Rs. 678 Cr..**
- ✓ **During Q3FY21, SHFL made additional provision of Rs. 3.04 Cr for Covid-19, and the aggregate provisioning on this count stood at Rs. 13.04 Crore as of 31st December 2020..**

Shriram Housing Finance Ltd.
Income Statement – Quarter ended Dec. 2020

Particulars (INR in Crores)	Q3FY20	Q2FY21	Q3FY21	Growth	
				YoY	QoQ
Assets Under Management	2100*	2779*	3138*	49.4%	12.9%
Disbursements	386	517	595	54.1%	15.1%
Interest Income	62.18	74.45	75.35	21.2%	1.2%
Other Income	39.80	38.54	54.80	37.7%	42.2%
Income from Operations	101.98	112.99	130.16	27.6%	15.2%
Interest Expenses	41.86	50.13	53.37	27.5%	6.5%
Net Interest Income	60.12	62.86	76.78	27.7%	22.1%
Operating Expenses	29.63	29.60	29.85	0.7%	0.8%
Impairment on Financial Instruments & Write-offs	1.41	4.92	13.45	853.9%	173.4%
Profit Before Tax	29.08	28.35	33.49	15.2%	18.1%
Profit After Tax	20.55	17.91	24.30	18.2%	35.7%

* Includes assigned pool

SHRIRAM HOUSING FINANCE

Shriram Housing Finance Ltd.
Income Statement – 9M ended Dec. 2020

Particulars (INR in Crores)	9MFY20	9MFY21	Growth
Assets Under Management	2100*	3138*	49.4%
Disbursements	727	1190	63.7%
Interest Income	197.18	215.59	9.3%
Other Income	56.41	99.39	76.2%
Income from Operations	253.58	314.98	24.2%
Interest Expenses	118.69	147.37	24.2%
Net Interest Income	134.89	167.62	24.3%
Operating Expenses	77.73	79.83	2.7%
Impairment on Financial Instruments & Write-offs	8.83	17.78	101.4%
Profit Before Tax	48.33	70.01	44.9%
Profit After Tax	34.85	48.19	38.3%

* Includes assigned pool

SHRIRAM HOUSING FINANCE

Shriram Housing Finance Ltd.
Key Ratios - Quarterly

Analysis on Average AUM	Q3FY20	Q2FY21	Q3FY21
Yield on Assets	20.96%	19.83%	20.35%
Finance Expenses	8.60%	8.80%	8.35%
Net Interest Margin	12.36%	11.03%	12.01%
Cost-to-Income	49.28%	47.08%	38.87%
Gross NPAs	2.70%	2.24%	1.71%*
Net NPAs	2.10%	1.76%	1.22%*
RoA	4.22%	3.14%	3.80%
RoE	16.61%	13.45%	17.54%
Leverage (times)	3.52	4.48	4.67
Capital Adequacy Ratio	29.44%	24.13%	21.56%
Net Worth (INR Cr.)	501.14	537.45	561.98

**Gross and Net NPAs for Q3FY21 reflect the position vide Hon'ble Supreme Court's interim order dated 3rd September 2020 to stop NPA classification post-31st August 2020 until further orders. Without considering said order, GNPAs and NNPAs would have been 2.40% and 1.91% respectively.*

SHRIRAM HOUSING FINANCE

Shriram Housing Finance Ltd.
Key Ratios: 9M

Analysis on Average AUM	9MFY20	9MFY21
Yield on Assets	17.56%	17.92%
Finance Expenses	8.22%	8.39%
Net Interest Margin	9.34%	9.54%
Cost-to-Income	57.63%	47.63%
Gross NPAs	2.70%	1.71%*
Net NPAs	2.10%	1.22%*
RoA	2.41%	3.98%
RoE	9.57%	11.90%
Leverage (times)	3.52	4.67
Capital Adequacy Ratio	29.44%	21.56%
Net Worth (INR Cr.)	501.14	561.98

**Gross and Net NPAs for Q3FY21 reflect the position vide Hon'ble Supreme Court's interim order dated 3rd September 2020 to stop NPA classification post-31st August 2020 until further orders. Without considering said order, GNPAs and NNPAs would have been 2.40% and 1.91% respectively.*

SHRIRAM HOUSING FINANCE

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