SHRIRAM City
MONEY WHEN YOU NEED IT MOST

SHRIRAM CITY UNION FINANCE LIMITED

Investor Presentation

Quarter & Year ended March 2019

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
- 969 branches with strong presence in the rural and semi-urban markets
- Leading small enterprise finance company in India in the small loan segment
- Leading two-wheeler financier in India
- Active customer base of 38 lakhs; Strong base of 27, 264 employees

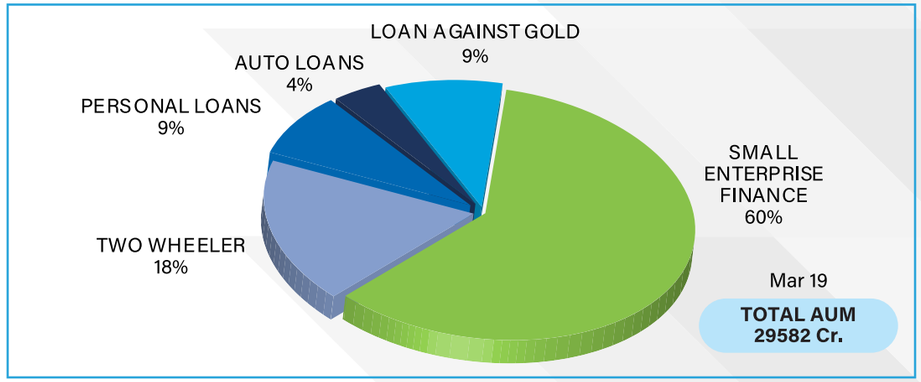
CREDIT RATING - LONG TERM

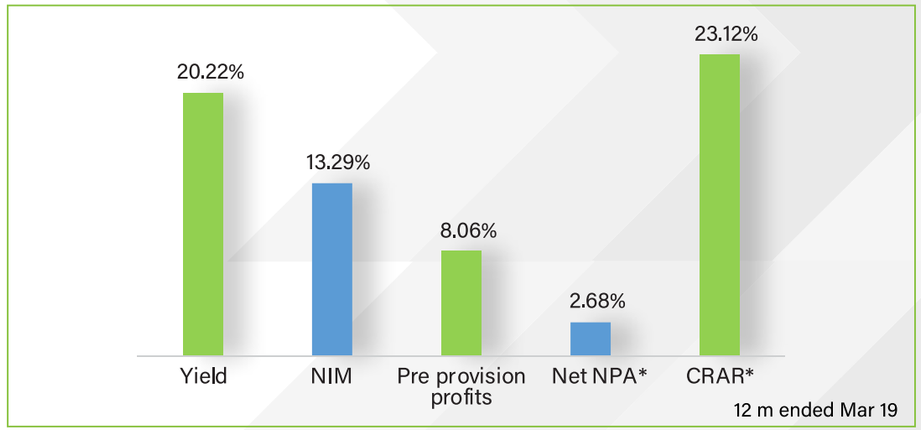
AA+ CARE | AA INDIA RATINGS | AA ICRA | AA CRISIL

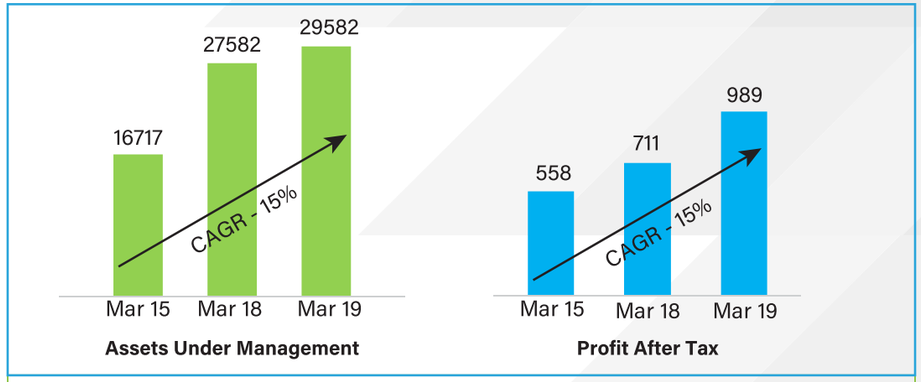
Upgraded by CRISIL from AA - in Jul '18

CREDIT RATING - SHORT TERM

A1+ CARE | A1+ ICRA







** as per IGAAP. Mar-15 figures are as per IGAAP

INR in Cr.

PERFORMANCE HIGHLIGHTS - DISBURSEMENTS

Total Disbursements

Q4 - FY 19
6610 Cr

Q3 - FY 19
4583 Cr

44%

Non Gold Disbursement

Q4 - FY 19
5243 Cr

Q3 - FY 19
3275 Cr

60%

Total Disbursements

FY 19
24071 Cr

FY 18
24922 Cr

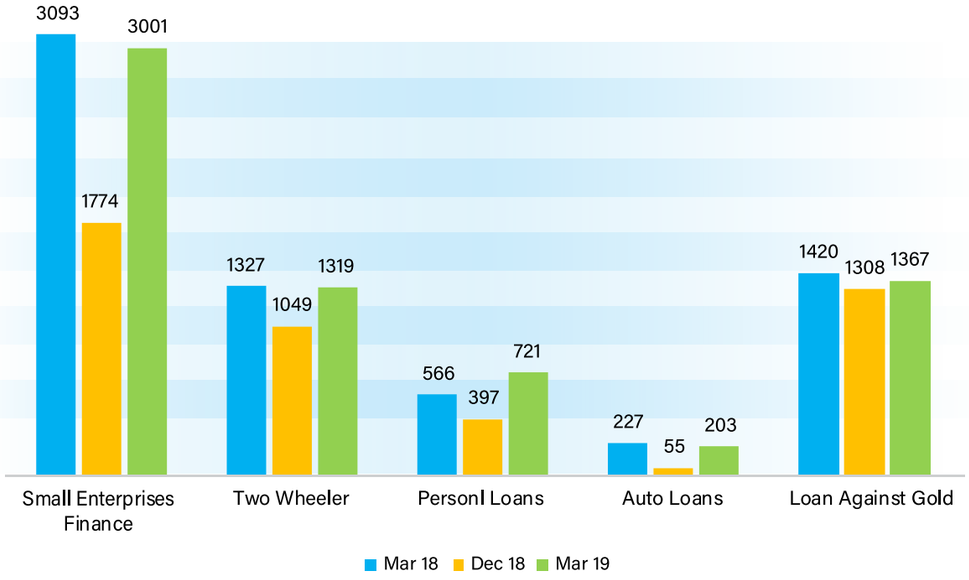
-3%

Non Gold Disbursement

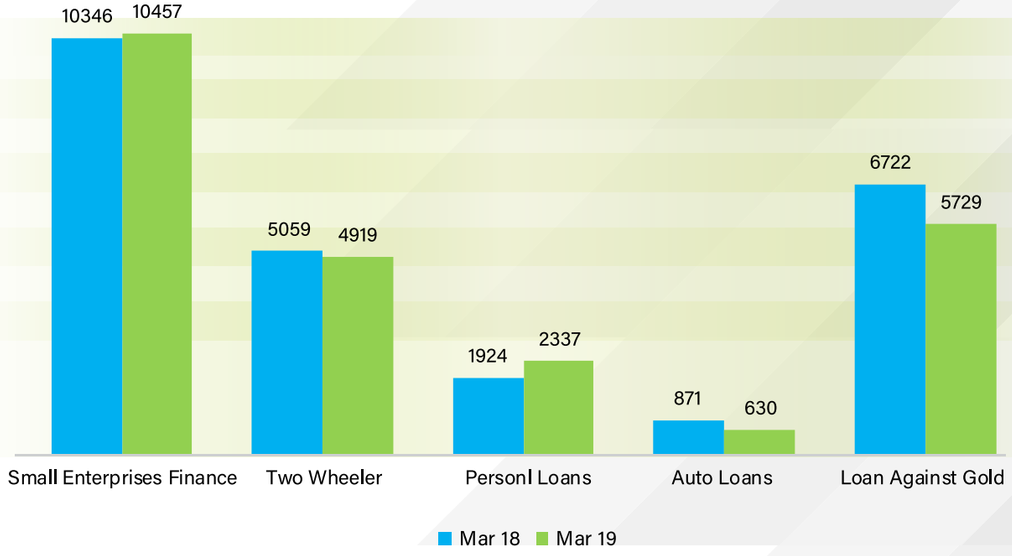
FY 19
18342 Cr

FY 18
18200 Cr

1%



Quarter wise Disbursements



Year wise Disbursement

***Improvement in liquidity conditions have led to normalisation of disbursements in the 4th quarter of FY19**

INR in Cr.

PERFORMANCE HIGHLIGHTS - AUM

Total AUM

Q4 - FY 19
29582 Cr

Q3 - FY 19
28646 Cr

3%

Non Gold AUM

Q4 - FY 19
26870 Cr

Q3 - FY 19
25882 Cr

4%

Total AUM

FY 19
29582 Cr

FY 18
27582 Cr

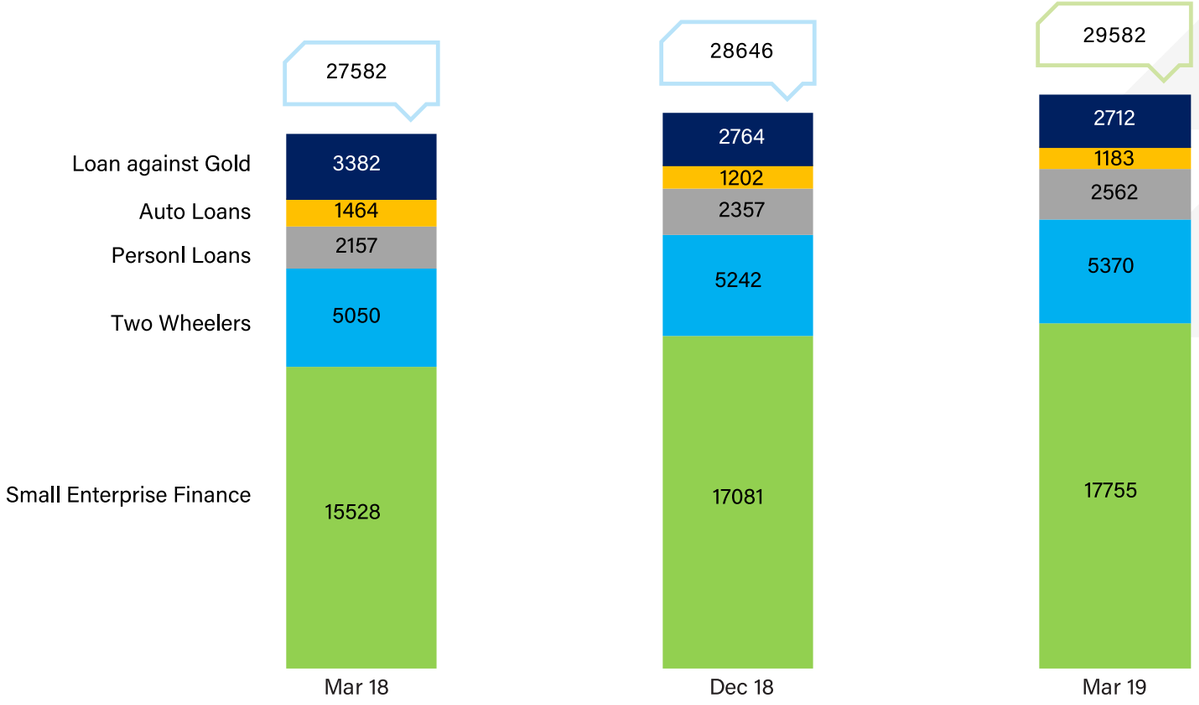
7%

Non Gold AUM

FY 19
26870 Cr

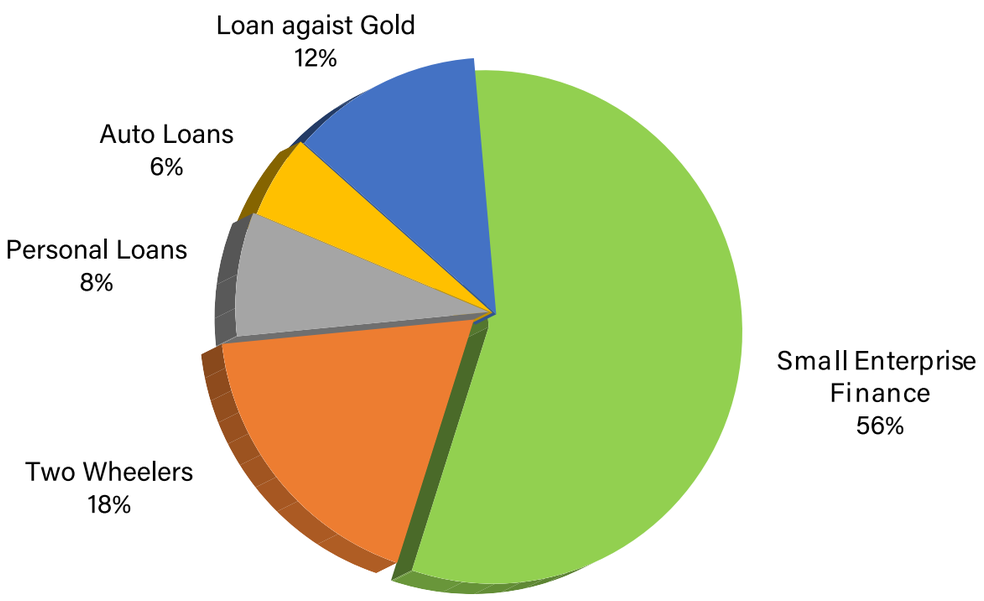
FY 18
24200 Cr

11%

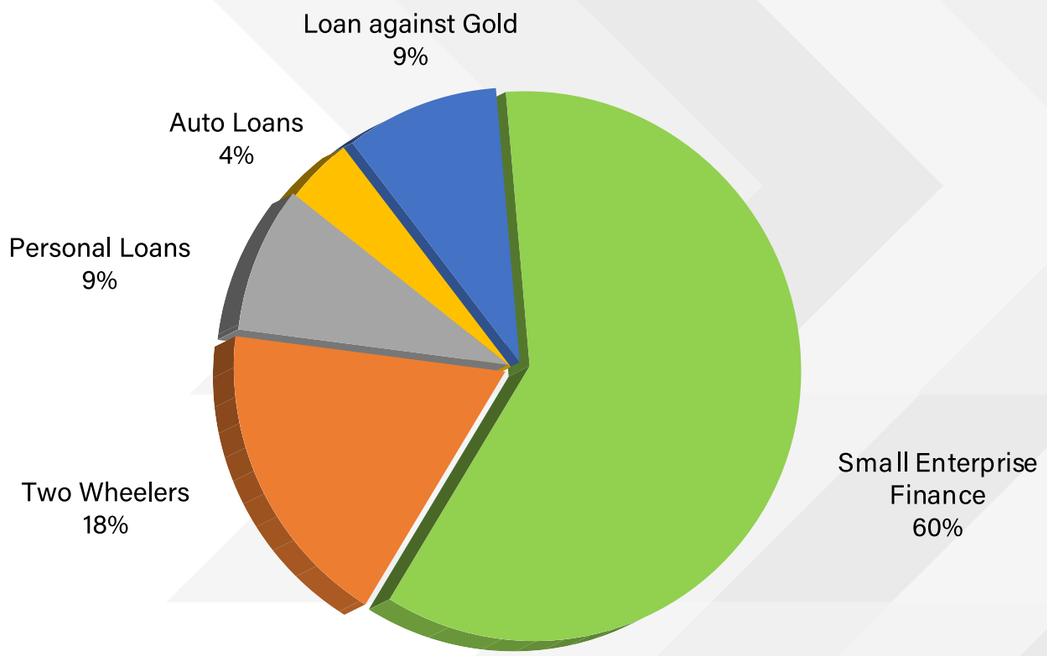


INR in Cr.

PERFORMANCE HIGHLIGHTS - AUM



Mar-18
AUM - 27582 Cr



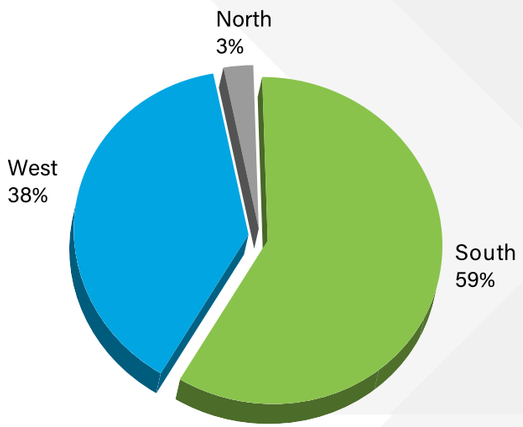
Mar-19
AUM - 29582 Cr

INR in Cr.

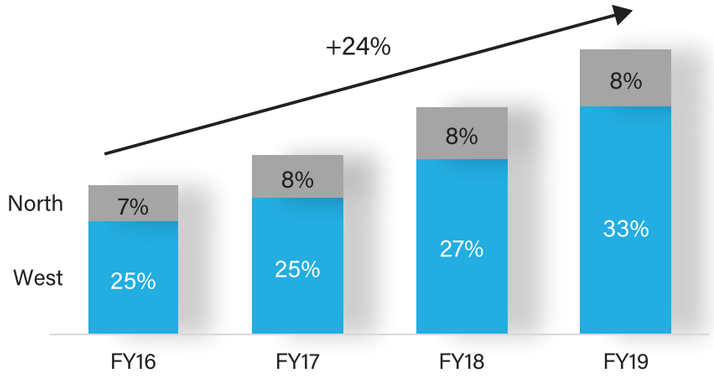
ROBUST GROWTH WITH BUSINESS DIVERSIFICATION

Expanding footprint outside Southern locations | Expanding footprint outside Non - South Region

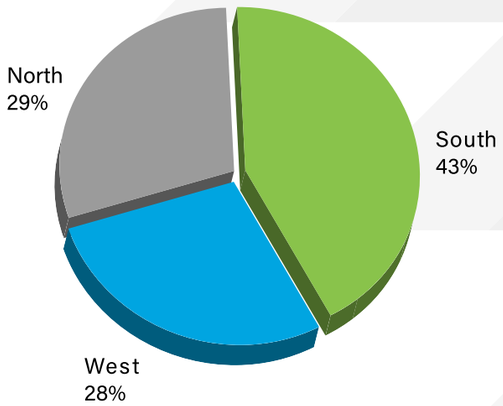
Diversified exposure across each of the focus products | MSME AUM by region



AUM from non-south regions has grown faster | AUM from Non - South regions has grown faster



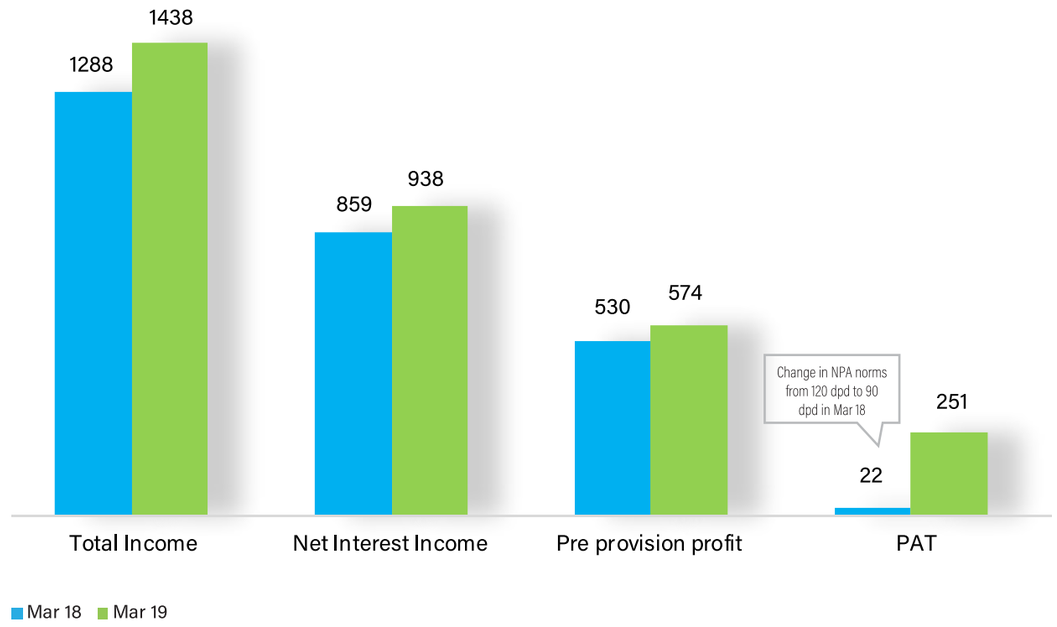
Diversified exposure across each of the focus products | Two-wheeler AUM by region



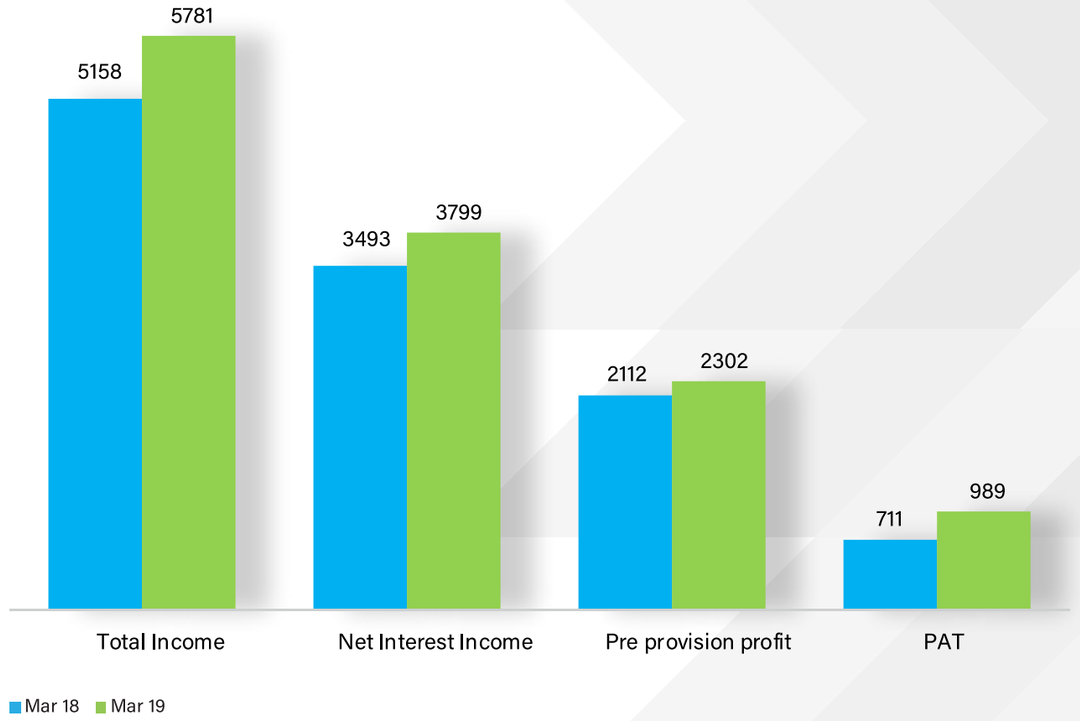
INR in Cr.

KEY FINANCIAL HIGHLIGHTS

KEY FINANCIALS Q4-FY18 & Q4-FY19



KEY FINANCIALS - YOY



INR in Cr.

KEY FINANCIALS - QUARTER ENDED MAR-2019

Particulars - IND AS	Quarter ended			Growth	
	Mar 18	Dec 18	Mar 19	YOY	QOQ
Assets Under Management	**27582**	**28646**	**29582**	**7.3%**	**3.3%**
Income from Operations	**1287**	**1439**	**1437**	**11.7%**	**-0.1%**
Finance Cost	428	527	499	16.5%	-5.2%
Net Interest Income	**859**	**912**	**938**	**9.2%**	**2.9%**
Personnel expenses	184	207	215	16.6%	3.5%
Operating Expenses (Incl depreciation)	145	157	150	3.1%	-4.7%
Other Income	1	0	1		
Pre Provision Profits	**530**	**547**	**574**	**8.3%**	**4.8%**
Provisions for NPA & SA	322	-5	9		
Write offs	171	150	174		
Provisions & write offs	**493**	**145**	**183**		
Profit Before Tax	**37**	**403**	**391**		
Profit After Tax	**22**	**259**	**251**		
Other Comprehensive Income					
Items that will not be classified to profit or loss	1	-9	0		
(ii) Income tax relating to items that will not be reclassified to profit or loss	0	-3	0		
Total Comprehensive Income for the period	**23**	**253**	**251**		

INR in Cr.

KEY FINANCIALS - YEAR ENDED MAR-2019

Particulars - IND AS	12 months ended		Growth
	Mar 18	Mar 19	YOY
Assets Under Management	**27582**	**29582**	**7.3%**
Income from Operations	**5157**	**5779**	**12.1%**
Finance Cost	1664	1980	19.0%
Net Interest Income	**3493**	**3799**	**8.8%**
Personnel expenses	706	839	18.7%
Operating Expenses (Incl depreciation)	676	661	-2.4%
Other Income	2	3	
Pre Provision Profits	**2112**	**2302**	**9.0%**
Provisions for NPA & SA	393	135	-65.8%
Write offs	630	647	2.8%
Provisions & write offs	**1023**	**782**	**-23.6%**
Profit Before Tax	**1088**	**1520**	**39.7%**
Profit After Tax	**711**	**989**	**39.1%**
Other Comprehensive Income			
Items that will not be classified to profit or loss	3	-14	
(ii) Income tax relating to items that will not be reclassified to profit or loss	1	-5	
Total Comprehensive Income for the period	**713**	**980**	

INR in Cr.

SPREAD ANALYSIS - QUARTER ENDED MAR-2019

Analysis on Average AUM _ IND AS	Quarter ended			Variance	
	Mar 18	Dec 18	Mar 19	YOY	QOQ
Yield on Assets	**19.16%**	**19.76%**	**19.75%**	**0.59%**	**-0.02%**
Finance Cost	6.38%	7.24%	6.86%	0.48%	-0.38%
Net Interest Margin	**12.78%**	**12.53%**	**12.88%**	**0.11%**	**0.36%**
Personnel Expenses	2.74%	2.85%	2.95%	0.21%	0.10%
Opex	2.16%	2.16%	2.06%	-0.10%	-0.10%
Operating Expenses	**4.91%**	**5.01%**	**5.01%**	**0.10%**	**0.00%**
Pre Provision Profits	**7.89%**	**7.52%**	**7.89%**	**0.00%**	**0.37%**
Provisions for NPA & SA / ECL	4.79%	-0.07%	0.12%	-4.66%	0.19%
Write offs	2.55%	2.06%	2.39%	-0.15%	0.34%
Provisions & Write offs	**7.33%**	**1.99%**	**2.51%**	**-4.82%**	**0.52%**
Net Spread (pre tax)	**0.56%**	**5.53%**	**5.37%**	**4.82%**	**-0.16%**
Cost to Income Ratio	**38.39%**	**40.01%**	**38.89%**	**0.50%**	**-1.13%**

SPREAD ANALYSIS - YEAR ENDED MAR-2019

Analysis on Average AUM _ IND AS	Year ended		Variance
	Mar 18	Mar 19	YOY
Yield on Assets	**20.31%**	**20.22%**	**-0.09%**
Finance Cost	6.55%	6.93%	0.37%
Net Interest Margin	**13.75%**	**13.29%**	**-0.46%**
Personnel expenses	2.78%	2.93%	0.15%
Opex	2.66%	2.31%	-0.35%
Operating Expenses	**5.45%**	**5.24%**	**-0.20%**
Pre Provision Profits	**8.32%**	**8.06%**	**-0.26%**
Provisions for NPA & SA / ECL	1.55%	0.47%	-1.08%
Write offs	2.48%	2.27%	-0.21%
Provisions & Write offs	**4.03%**	**2.74%**	**-1.29%**
Net Spread (pre tax)	**4.29%**	**5.32%**	**1.03%**
Cost to Income ratio	**39.59%**	**39.46%**	**-0.13%**

***Sequential improvement in collection efficiency have led to improvement in credit costs.**

OTHER KEY METRICS

Key Ratios - IND AS	Quarter Ended			Year Ended	
	Mar 18	Dec 18	Mar 19	Mar 18	Mar 19
Return on Average Total Assets	0.33%	3.51%	3.44%	2.81%	3.49%
Return on Average Net Worth	1.59%	17.15%	16.04%	13.51%	16.56%
Earnings per share (Rs.)	3.33	39.22	38.08	107.80	149.88
Book Value per share (Rs.)	794	877	969	794	969
Leverage	3.85	3.66	3.53	3.85	3.53
Capital Adequacy Ratio (CRAR)*	21.37%	23.02%	23.12%	21.37%	23.12%
Tier I CRAR	20.57%	22.56%	22.75%	20.57%	22.75%

** CRAR is based on IGAAP

ASSET QUALITY DETAILS - IND AS

Provisions analysis as per IND AS	As at		
	Mar 18	Dec 18	Mar 19
Stage 3 - Gross	2594	2568	2577
Stage 3 - ECL Provns.	1223	1169	1124
Stage 3 - Net	1370	1398	1453
Stage 3 - Coverage Ratio (%)	**47.17%**	**45.54%**	**43.61%**
Stage 1 & 2 - Gross	24985	25548	26339
Stage 1 & 2 - ECL Provns.	568	748	803
Stage 1 & 2 - Net	24417	24799	25536
Stage 1 & 2 - ECL Provns. %	2.27%	2.93%	3.05%
Total ECL Provns.	**1792**	**1918**	**1926**
Stage 3% - Gross	**9.41%**	**9.13%**	**8.91%**
Stage 3% - Net	**4.97%**	**4.97%**	**5.02%**

INR in Cr.

ASSET QUALITY DETAILS - IGAAP

As per IGAAP	As at		
	Mar 18	Dec 18	Mar 19
Gross NPA	2464	2397	2395
Net NPA	938	742	740
NPA Provns.	1526	1655	1655
Gross NPA %	**9.00%**	**8.73%**	**8.68%**
Net NPA %	**3.43%**	**2.70%**	**2.68%**
Provision Coverage Ratio	**61.93%**	**69.06%**	**69.10%**
Standard Assets	24901	25067	25204
Standard Assets Provn.	100	100	101
Standard Assets Provns. Ratio	**0.40%**	**0.40%**	**0.40%**
Total Provns.	**1625**	**1755**	**1756**

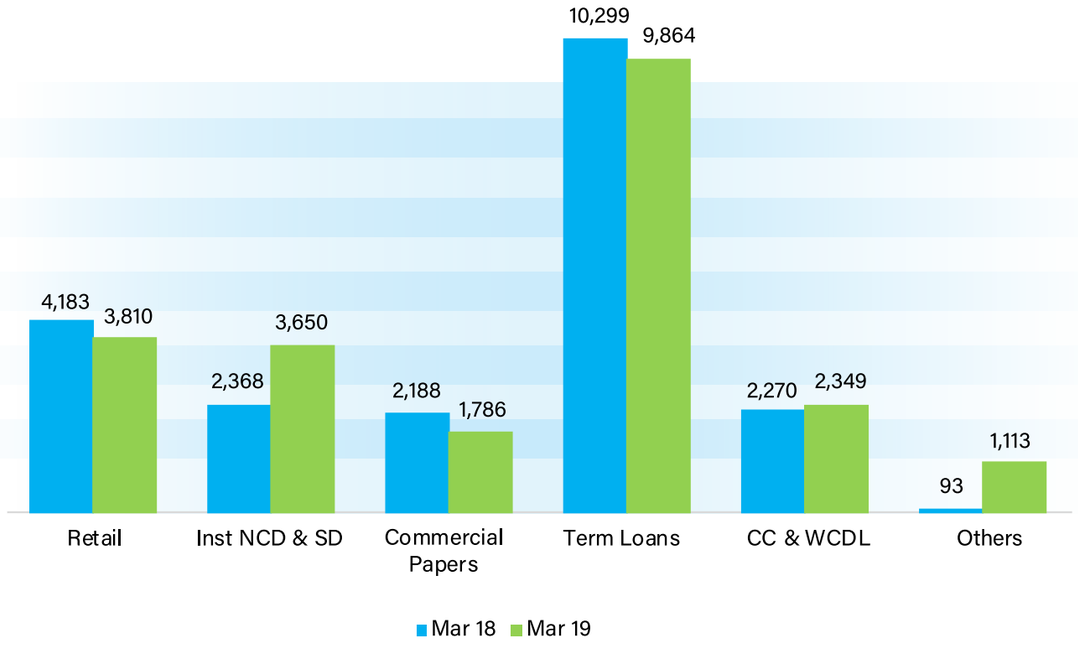
INR in Cr.

ASSET QUALITY DETAILS - IGAAP - PRODUCT SEGMENT WISE

Product	Mar 18 (90 DPD)			Dec 18 (90 DPD)			Mar 19 (90 DPD)		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR
Small Enterprise Finance	9.68%	3.80%	61%	9.30%	3.19%	66%	9.17%	3.03%	67%
Two Wheelers	10.03%	4.92%	51%	9.36%	3.22%	66%	9.28%	3.38%	64%
Auto Loans	10.85%	4.95%	54%	11.00%	3.78%	66%	11.07%	5.47%	51%
Personal Loans	10.62%	-	100%	10.12%	-	100%	10.22%	-	100%
Loan Against Gold	2.55%	1.03%	60%	2.07%	0.71%	66%	2.17%	0.68%	69%
Total	**9.00%**	**3.43%**	**61.93%**	**8.73%**	**2.70%**	**69.06%**	**8.68%**	**2.68%**	**69.10%**

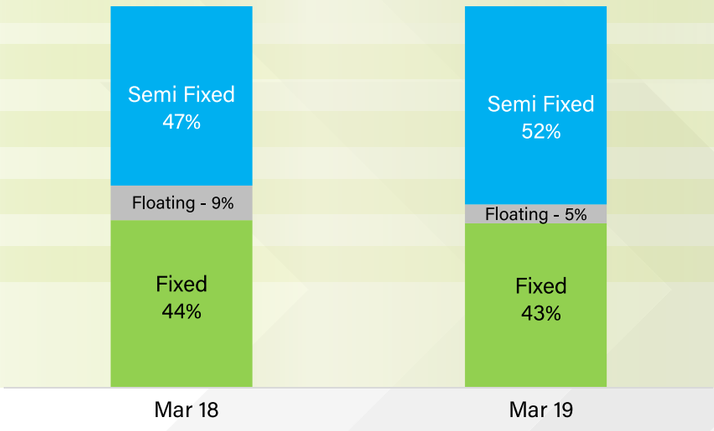
DIVERSIFIED BORROWING PROFILE

BORROWING TYPE

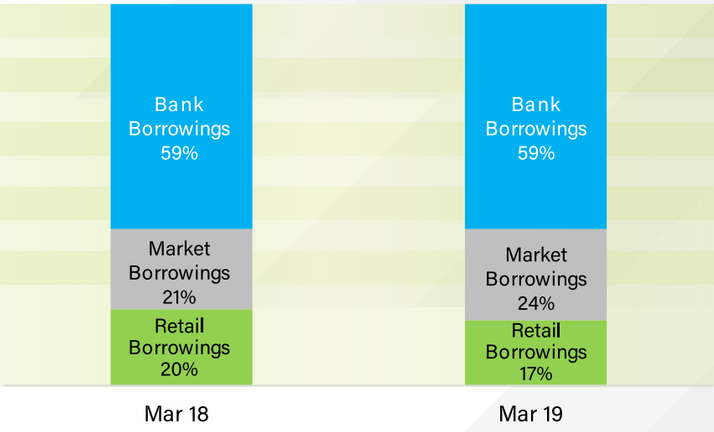


COST OF BORROWING		
Particulars	**Mar 18**	**Mar 19**
Cost of Borrowing	8.44%	9.01%

INTEREST RATE MIX



LENDER SEGMENT MIX



INR in Cr.

LIQUIDITY BACKUP

- As at 31st March 2019, liquidity back in form of current account balances, mutual fund investment and fixed deposits were to an extent of Rs. 1038 Crores. (FD of Rs. 400 Cr, Current Account Balance of Rs. 436 Cr & Rs. 202 Cr of Mutual Fund investments)
- As at 31st March 2019, Committed lines & undrawn lines of Rs. 1686 Cr Including Rs. 150 Cr of Term loan facility & others being in form of Cash credit / WCDL facilities.
- Successfully raised Rs. 695 Cr (pending allotment) in Apr. 2019 by way of public issue of NCD for a weighted tenor of c. 2.7 years.

ALM STATEMENT - MAR 2019

ALM position @ 100% collection efficiency

Particulars	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liquidity Backups (Current Account & Fixed deposits)	1038								1038
Inflows from Assets (Assets)	1449	1139	1159	3763	6216	8682	1970	1565	25944
Outflows towards Scheduled Commitments (Borrowings)	319	465	923	1893	6970	9070	1359		21000
Mismatch	**2167**	**674**	**235**	**1870**	**-753**	**-388**	**611**	**1565**	**5981**
Cumulative Mismatch	**2167**	**2841**	**3077**	**4947**	**4193**	**3805**	**4416**	**5981**	

Stress Test @ 90% collection efficiency

Particulars	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liquidity Backups (Current Account & Fixed deposits)	1038								1038
Inflows from Assets (Assets)	1304	1025	1043	3387	5595	7814	1773	1409	23349
Outflows towards Scheduled Commitments (Borrowings)	319	465	923	1893	6970	9070	1359		21000
Mismatch	**2023**	**560**	**119**	**1494**	**-1375**	**-1257**	**414**	**1409**	**3387**
Cumulative Mismatch	**2023**	**2583**	**2702**	**4196**	**2821**	**1564**	**1978**	**3387**	

INR in Cr.

SUBSIDIARY DETAILS

SHRIRAM HOUSING FINANCE LIMITED

EXECUTIVE SUMMARY

	Q3'19	HIGHLIGHTS	Q4'19
BUSINESS	**AUM:** 1,721 Cr. **Disbursement:** 11 Cr. GNPA (IND AS): 3.2% GNPA (IGAAP): 2.8%	• Highest retail disbursement for > 8 quarters • Collection & liquidity remained focus area	**AUM:** 1,848 Cr. **Disbursement:** 265 Cr. **GNPA (IND AS):** 2.8% **GNPA (IGAAP):** 2.5%
FINANCIALS	**Revenue:** 71.1 Cr. **Interest Income:** 69.4 Cr. **Expenses:** 24.6 Cr. **PAT:** (6.5) Cr. (IGAAP: 0.7 CR.)	• Interest income lower due to accounting changes • Expenses higher on account of certain one-time expenses • Release in provisions due to collections on NPA	**Revenue:** 66.8 Cr. **Interest Income:** 62.8 Cr. **Expenses:** 28.0 Cr. **PAT:** 9.4 Cr. (IGAAP: 4.8 CR.)
OPERATIONS	**Branches:** 88 **States:** 17 **Head count:** 833 **Customers:** 10,602	• Reduction on unproductive employees completed • Sales productivity has increased	**Branches:** 88 **States:** 17 **Head count:** 686 **Customers:** 10,671

QUARTERLY FINANCIAL HIGHLIGHTS

Remained profitable despite headwinds in the industry

		INDAS	
P&L	**Q4 FY 19**	**Q3 FY 19**	**QoQ**
Interest Income	66.8	71.1	
Other Operating Income	4.5	2.4	
Other Income	0.0	0.0	
Total Income	**71.3**	**73.6**	**-3%**
Interest Expense	33.3	32.8	
Net Interest Income	**38.1**	**40.8**	**-7%**
Costs	**28.4**	**25.4**	**12%**
- Personnel Costs	15.0	13.7	
- Other costs	13.4	11.7	
Profit before provision & tax	**9.6**	**15.4**	**-37%**
Provisions	-3.1	4.4	
Profit before tax - Operational	**12.7**	**1.0**	**1162%**
One time provision on account of ARC (See note 1)		11.0	
Profit before tax - Reported	**12.7**	**-10.0**	

Note 1

Effect of one time sale of certain assets to an ARC

YEARLY FINANCIAL HIGHLIGHTS

Remained profitable despite headwinds in the industry

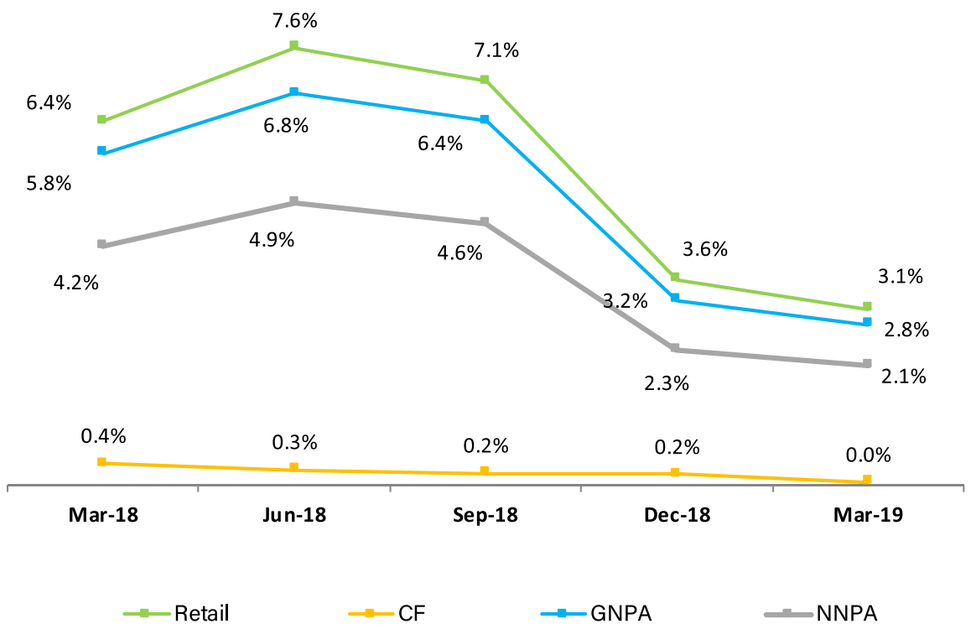
	INDAS		
P&L	**Mar 19**	**Mar 18**	**YoY**
Interest Income	278.5	270.0	
Other Operating Income	12.4	10.1	
Other Income	0.3	0.5	
Total Income	**291.2**	**280.7**	**4%**
Interest Expense	128.5	112.0	
Net Interest Income	**162.7**	**168.7**	**-4%**
Costs	**111.8**	**98.9**	**13%**
- Personnel Costs	59.2	42.6	
- Other costs	52.6	56.3	
Profit before provision & tax	**51.0**	**69.8**	**-27%**
Provisions	14.7	11.6	
Profit before tax - Operational	**36.2**	**58.2**	**-38%**
One time provision on account of ARC (See note 1)	11.0		
Profit before tax - Reported	**25.2**	**58.2**	

Note 1

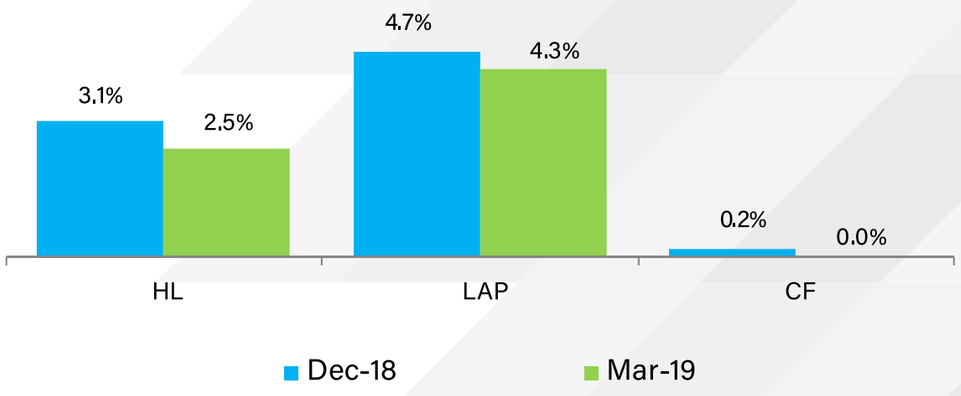
Effect of one time sale of certain assets to an ARC

ASSET QUALITY ANALYSIS

NPA Trend (Retail & CF) - IND AS



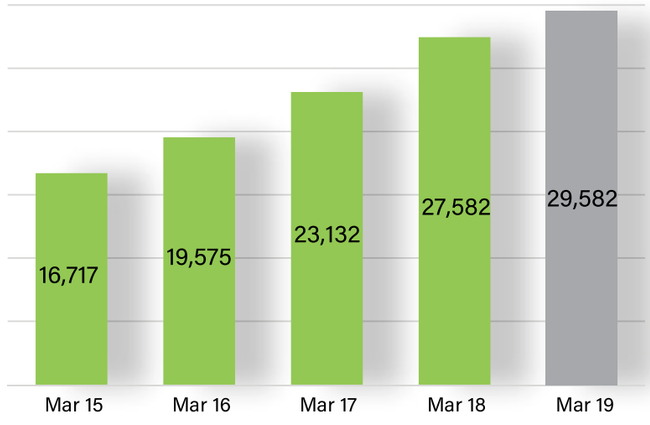
NPA Trend (Product-wise Comparison) - IND AS



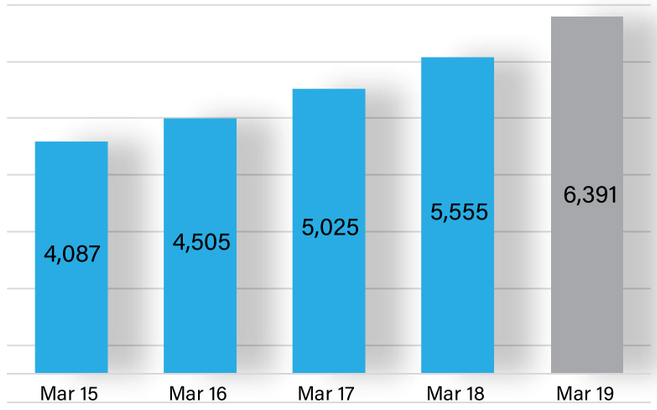
ANNEXURES

FINANCIALS - I

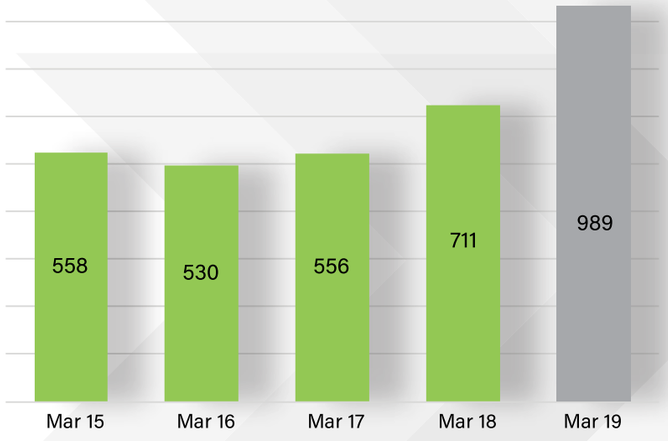
AUM



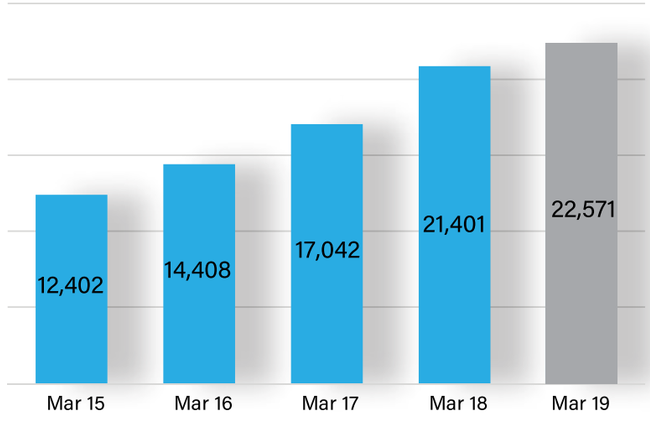
NET WORTH



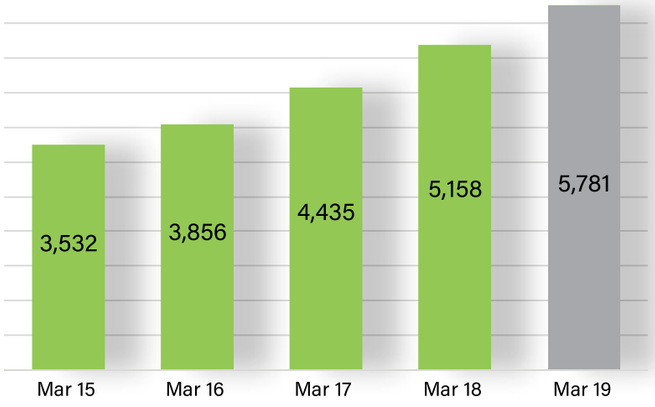
PROFIT AFTER TAX



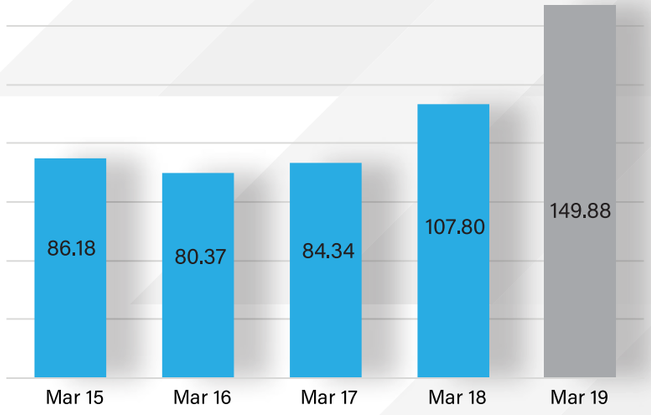
BORROWINGS



TOTAL INCOME



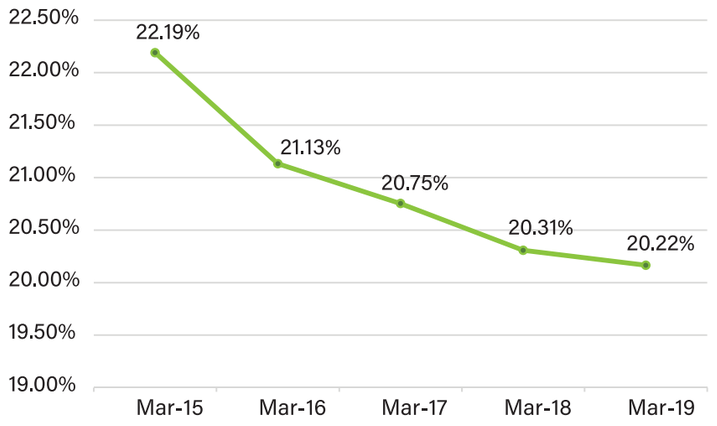
EPS



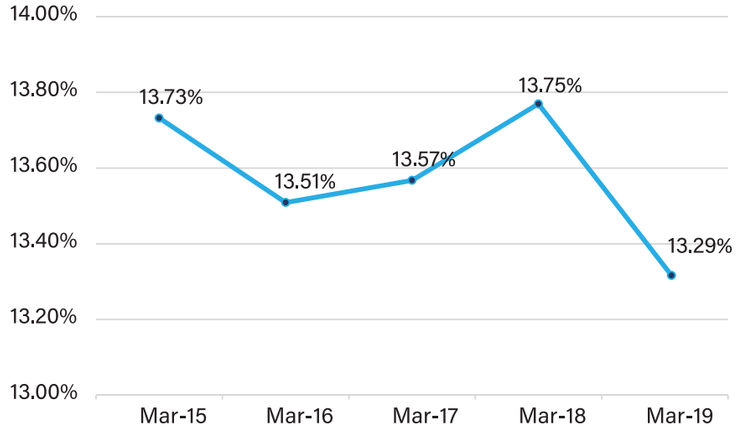
INR in Cr.

FINANCIALS - II

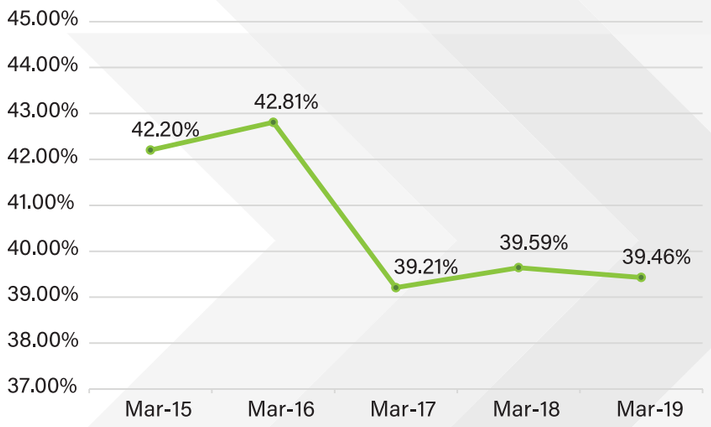
YIELD ON ASSETS



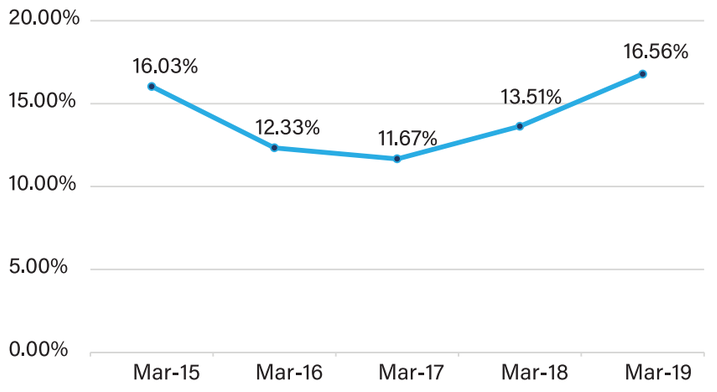
NET INTEREST MARGIN



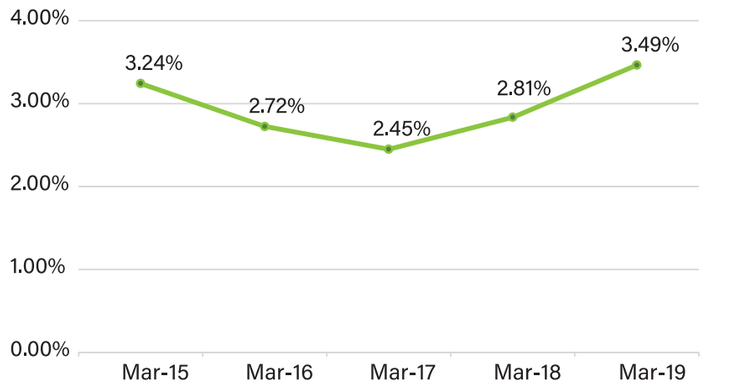
COST TO INCOME



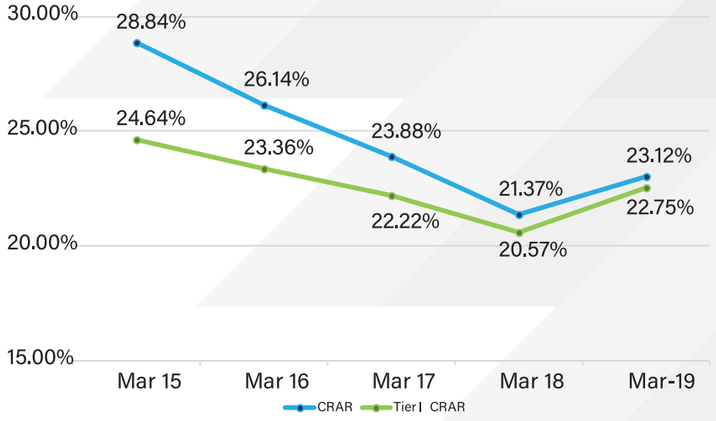
RETURN ON EQUITY



RETURN ON ASSETS



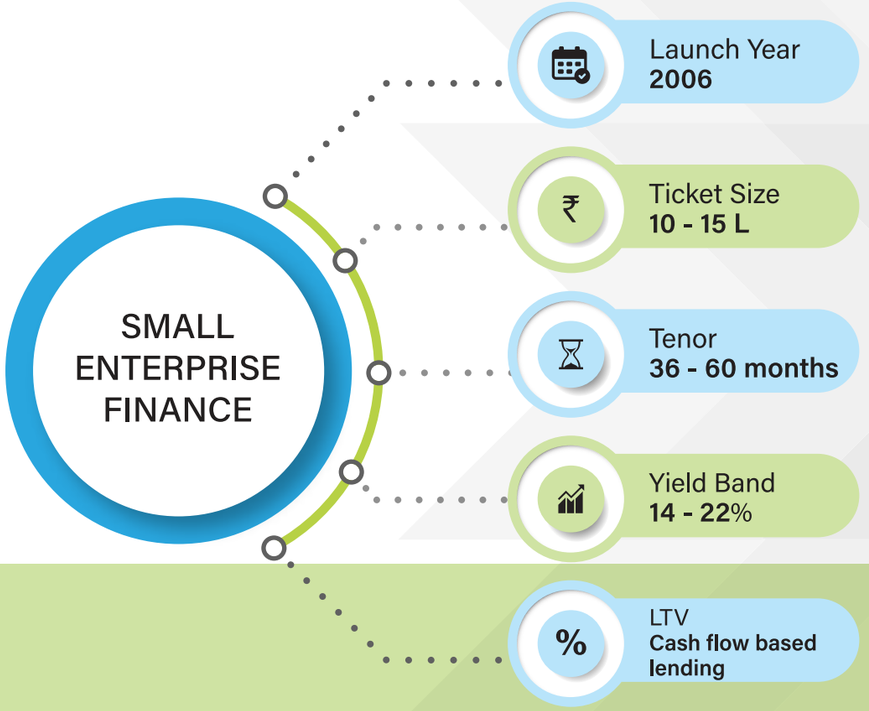
CRAR & TIER I CRAR



SMALL ENTERPRISE FINANCE

Small Enterprise Finance

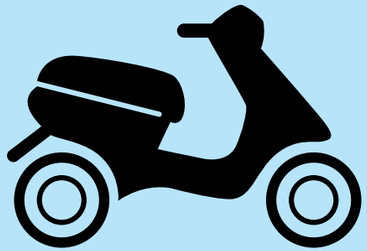
60% of AUM



- Loans to under-banked micro & small enterprises
- Relationship and contact based - differs from branch-centric lending businesses generally adopted in this segment
- In-house built credit appraisal model - tailor made to suit the areas of operations
- Cash flow based lending model - rather than collateral based
- Strong presence in Andhra, Telangana, Tamil Nadu & Maharashtra - economically advanced states with uniqueness of language acts as barrier to competition in large scale

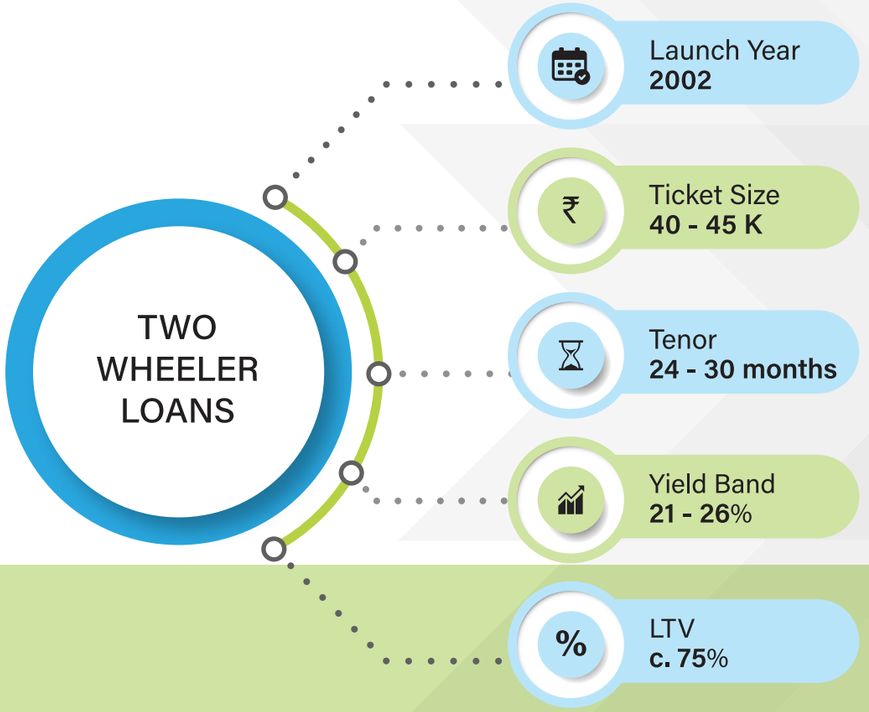
Immense growth potential product segment - with tested, commercially viable & offering an attractive return to investors & society at large

TWO-WHEELER LOANS



Two-wheeler Loans

18% of AUM



- Market leader in Two-wheeler financing - 20% market share in financed portion
- Quick Turn around Time - use of technology coupled with feet-on-street dominance
- Operations in non-metro markets - with focus on non-salaried Class
- Excellent relationship with dealers and manufacturers - despite being the lowest in dealer payouts

Market leader in south and also in Newer Geographies - West, North & Central India

LOAN AGAINST GOLD

Loan Against Gold

9% of AUM

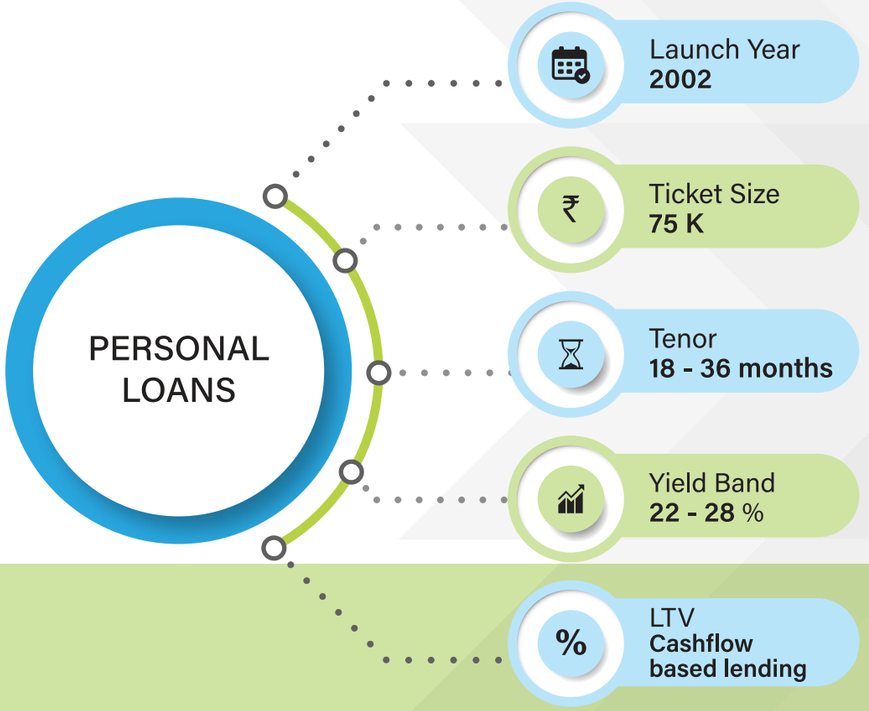
- Largely focused on lending to individual customers - Presence only in 5 states
- Systematized Controls - LTV's are controlled systematically & immense use of technology for risk monitoring
- Usage of existing infrastructure - Loan Against Gold is offered as add on product and not through exclusive branches
- Collection Efficiency - Collection team available for other products made use of in case of decline in gold prices

Usage of existing infrastructure & systematized controls offers flexibility in offering this product based on the movement of gold prices

PERSONAL LOANS

Personal Loans

9% of AUM

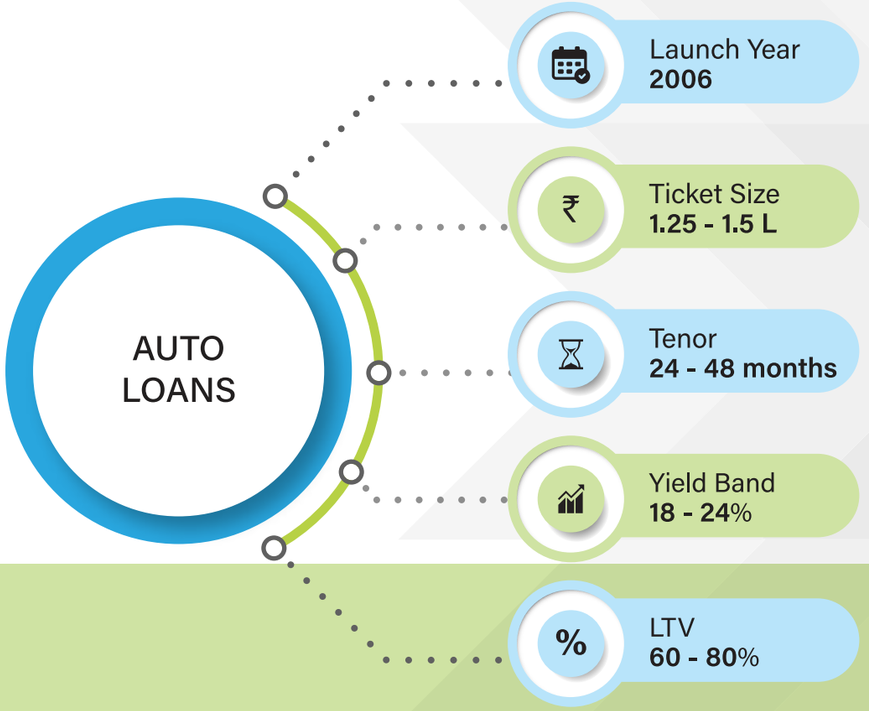


- Personal loans to salaried and self employed individuals
- Rules based PL sanction and underwriting, basis customer historical track record for two-wheeler customers
- Continued Contact with customer - As part of cross sell, customers are kept in constant touch - acts as feeder for other loans as well

AUTO LOANS

Auto Loans

4% of AUM



- Finance for purchase of new and pre-owned passenger and commercial vehicles.

This includes finance for three wheelers, four wheelers, used and new cars.

CORPORATE HISTORY

- **1986** – Shriram City incorporated
- **2002** – Launched two-wheeler finance
- **2003** – Listed on BSE
- **2005** – Listed on NSE
- **2006** – Launched MSME Finance, First pref allotment to PE investors
- **2007** – Launched gold loans
- **2008** – 2nd pref allotment to PE investors, Investment by TPG
- **2010** – Net-worth touches INR 1000 Cr.
- **2011** – Launched housing finance, Maiden debt public issue
- **2012** – Shriram City "largest small enterprise finance company in India" as per Frost & Sullivan
- **2013** – Released social audit report - first of its kind in NBFC industry
- **2014** – Piramal Enterprises invests in SCUF
- **2015** – Apax Partners invests in SCUF
- **2018** – Shriram City is the largest two-wheeler financier in India

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SHRIRAM City
MONEY WHEN YOU NEED IT MOST

THANK YOU