



## **Investor Presentation**

**Q4FY20 and FY20**

## Q4FY20 and FY20: A look back

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- ❖ The pandemic Covid-19 dominated events in the last month of the financial year, and continues to do so.
- ❖ Covid-19 has become a Black Swan event and has caused widespread disruptions in businesses and daily lives alike.
- ❖ From the complete or partial shutdown of factories, to supply chain disruptions, to labor shortages to cash flow stress, companies are feeling the business and financial shock of the COVID-19 outbreak.
- ❖ As the initial Lockdown in India was imposed on 25<sup>th</sup> March 2020, SCUF lost potential business in the last week of the month.
- ❖ However, SCUF had completed most collection activities for the month before the Lockdown.
- ❖ Barring the forced shutdown in the last week of March 2020, Q4 was a steady quarter for SCUF, with continuing improvement in asset quality, a Q-o-Q growth of 25% in disbursements in MSME loans and Y-o-Y growth of 33% in Gold loan disbursements..
- ❖ Amid slowing vehicle sales, SCUF grew its Two Wheeler loan disbursements by 14% in FY20.
- ❖ With the introduction of Pre-owned Two Wheeler loans in FY20, disbursements in Auto Loans grew by 140% in Q4 on Y-o-Y basis, 22% sequentially and 65% in FY20 over FY19
- ❖ Loan yields were maintained in the Quarter.
- ❖ SCUF raised resources worth Rs. 3638 Crores in Q4. Total Borrowings as on 31st Mar 2020 stood at Rs. 23166 Crores compared to Rs.22030 Crores on 31st Dec 2019.

## Q4FY20 and FY20: A look back (contd.)

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- ❖ Liquidity back up in the form of free cash & bank balances was Rs. 2142 Crores. Undrawn Bank lines were at Rs. 250 Crores.
- ❖ Covid-related provisioning of Rs. 426 Crore was made in Q4, This led to a decrease of Rs. 31 Crore in topline due to income reversals.
- ❖ Opex for Q3FY20 stands restated due to a Bonus reversal of Rs. 7 Crore as a one-off event. Opex for Q4 includes CSR expenditure of Rs. 8 Cr. (comprising, among others, PM CARES Fund for Covid-19).
- ❖ Following the RBI Circular of 27<sup>th</sup> March, SCUF adopted a Board-approved Moratorium policy for its loan customers with a choice to “Opt Out”.
- ❖ SCUF also put in place a Business Continuity Plan keeping in mind the likely exigencies resulting from the likelihood of an extended Lockdown induced by the Covid-19 pandemic.
- ❖ In the short span of less than a week, SCUF’s IT team enabled Bharat Bill Payment System with two PSU Banks, one Private Bank, BHIM, Paytm to assist loan customers in remitting their EMIs.
- ❖ Similar arrangements were instituted for Fixed Deposit customers – both New-to-Company depositors as well as those seeking to renew their FDs. Redemptions were also processed seamlessly despite the Lockdown..
- ❖ Cost of Funds for FY20 was at 9.35%.

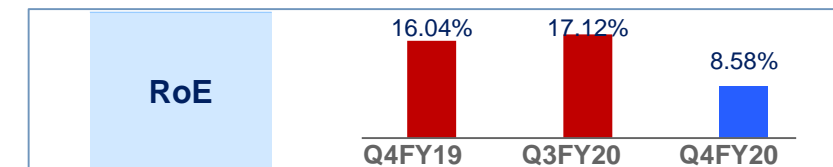
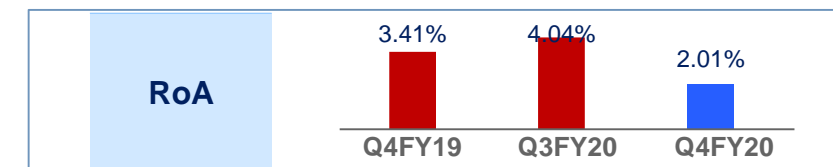
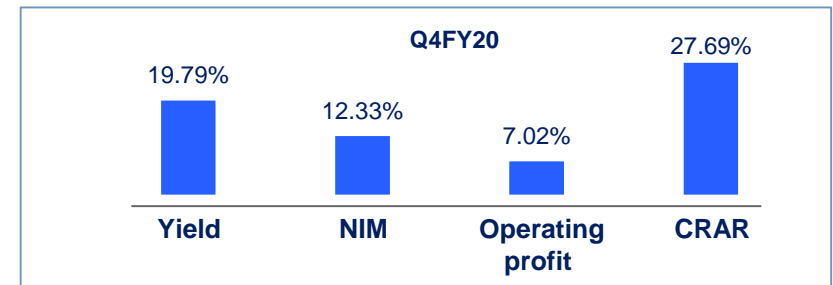
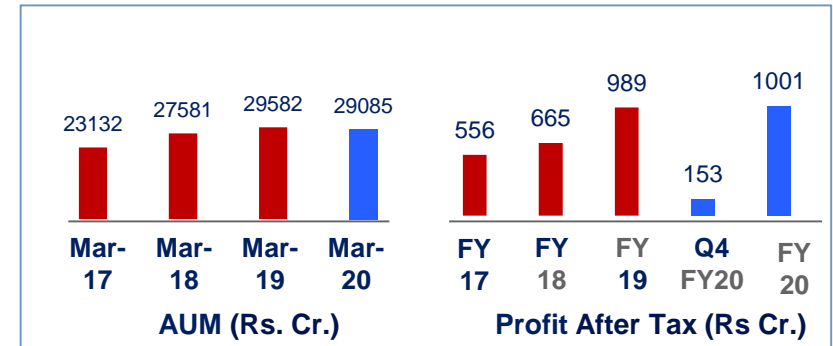
# Company Background

- 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
- 947 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 40.76 Lakhs. Strong base of **28699** employees

## CREDIT RATING - LONG TERM

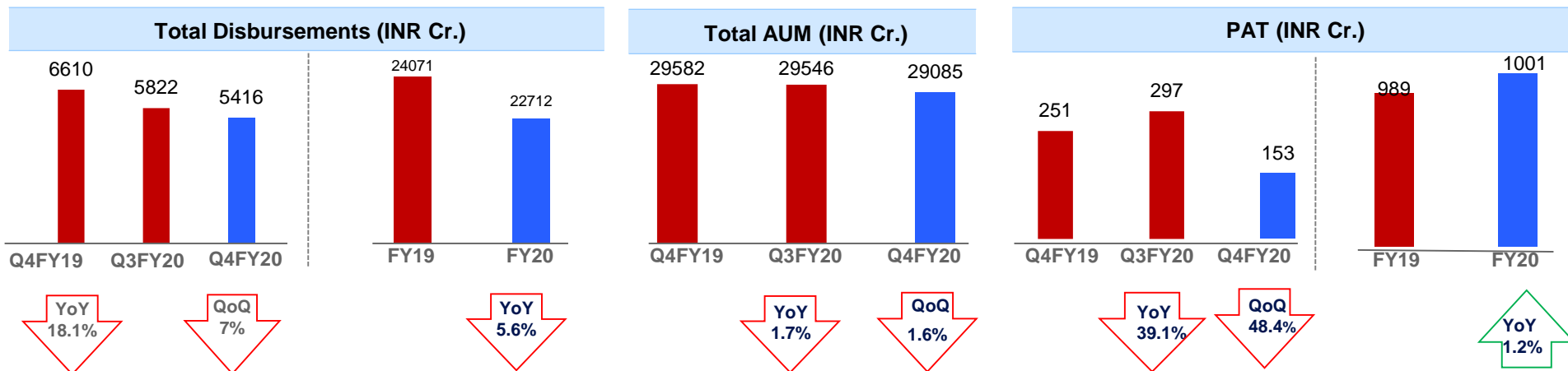


## CREDIT RATING - SHORT TERM



# Performance Highlights for Q4 FY20 and FY20

## Key Financial Metrics



### Disbursements

INR Cr.

Product	Q4FY19	Q3FY20	Q4FY20	FY19	FY20
Small Enterprise Finance	3001	1505	1880	10457	7258
Two Wheelers	1319	1887	1182	4919	5604
Personal Loans	721	185	43	2337	1704
Auto Loans	203	400	487	630	1038
Gold Loans	1367	1844	1824	5729	7107
<b>Total</b>	<b>6610</b>	<b>5822</b>	<b>5416</b>	<b>24071</b>	<b>22712</b>

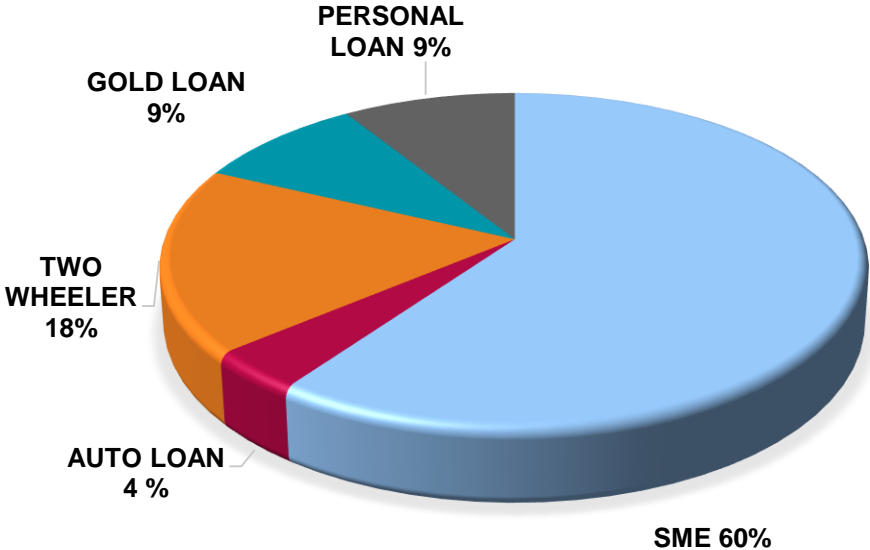
### Assets Under Management

INR Cr.

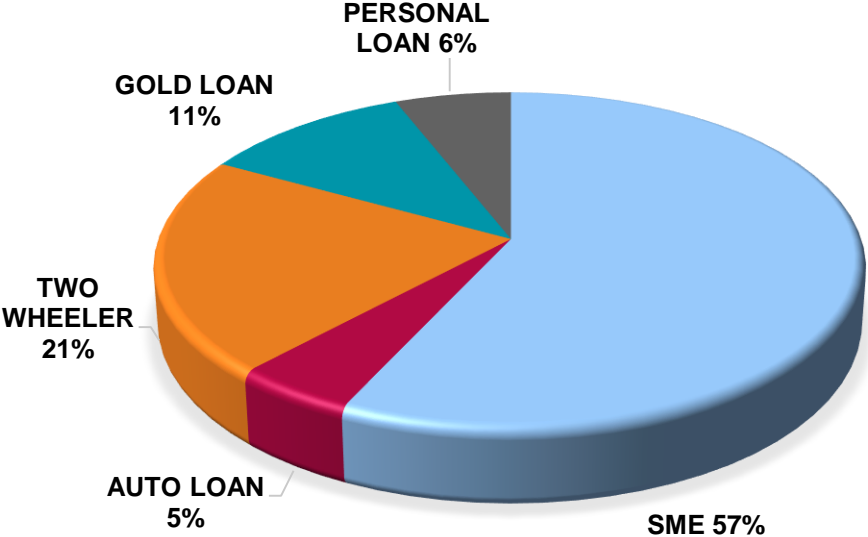
Product	Q4FY19	Q3FY20	Q4FY20
Small Enterprise Finance	17755	16973	16653
Two Wheelers	5370	6184	6076
Personal Loans	2562	2423	1857
Auto Loans	1183	1108	1380
Gold Loans	2712	2859	3119
<b>Total</b>	<b>29582</b>	<b>29546</b>	<b>29085</b>

# Performance Highlights – AUM

Q4FY19



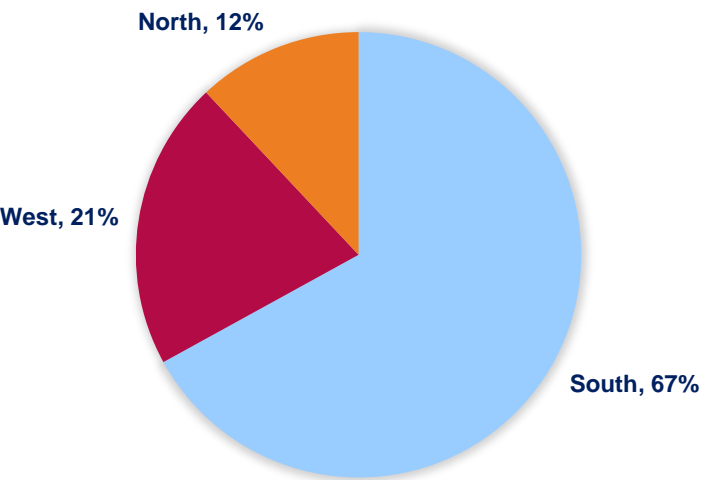
Q4FY20



# Performance Highlights – Region-wise Breakup of Business

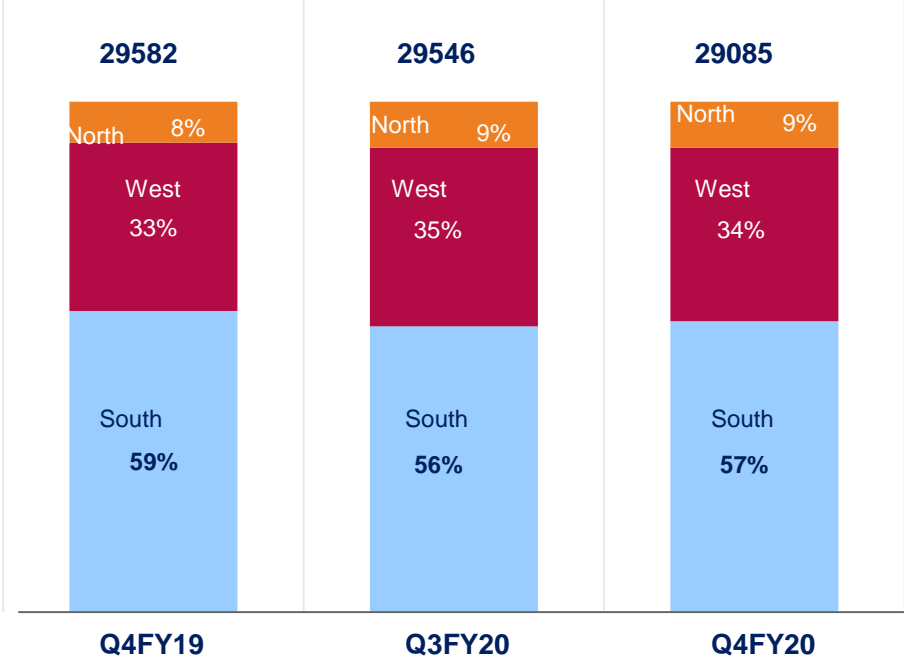
## Branch Network by Geography

947 branches as on 31-Mar-2020



## AUM by Geography

AUM in INR Cr.



# Performance Highlights

## Income Statement under Ind-AS – Quarter ended March 2020

Particulars (INR in Crores)	Q4FY19	Q3FY20	Q4FY20	Growth	
				YoY	QoQ
Assets Under Management	29582	29546	29085	(1.7%)	(1.6%)
Disbursements	6610	5822	5416	(18.1%)	(7.0%)
Interest Income	1438	1470	1450	0.8%	(1.3%)
Interest Expenses	501	530	546	9.0%	3.2%
Net Interest Income	937	940	904	(3.5%)	(3.9%)
Operating Expenses	363	368	389	7.3%	5.9%
Operating Profit	574	573	514	(10.4%)	(10.2%)
Impairment on Financial Instruments & Write-offs	183	182	311	70.2%	71.0%
Profit Before Tax	391	390	203	(48.1%)	(48.0%)
Tax Expenses	140	94	50	(64.3%)	(46.8%)
Profit After Tax	251	297	153	(39.1%)	(48.4%)



# Performance Highlights

## Income Statement under Ind-AS – Year ended March 2020

Particulars (INR in Crores)	FY19	FY20	Growth
Assets Under Management	29582	29085	(1.7%)
Disbursements	24071	22712	(5.6%)
Interest Income	5781	5887	1.8 %
Interest Expenses	1986	2140	7.8%
Net Interest Income	3795	3747	(1.3%)
Operating Expenses	1493	1508	1.0%
Operating Profit	2302	2239	(2.8%)
Impairment on Financial Instruments & Write-offs	782	884	13.0%
Profit Before Tax	1520	1355	(10.9%)
Tax Expenses	531	354	(33.3%)
Profit After Tax	989	1001	1.2%

# Performance Highlights

## Under Ind-AS – Key Ratios

Analysis on Average AUM	Q4FY19	Q3FY20	Q4FY20	FY19	FY20
Yield on Assets	19.76%	19.84%	19.79%	20.23%	20.07%
Interest Expenses	6.89%	7.15%	7.45%	6.95%	7.30%
Net Interest Margin	12.87%	12.69%	12.33%	13.28%	12.77%
Operating Expenses	4.98%	4.96%	5.31%	5.22%	5.14%
Operating Profit	7.89%	7.73%	7.02%	8.06%	7.63%
Impairment on Financial Instruments & Write-offs	2.51%	2.46%	4.25%	2.74%	3.01%
Net Spread (Pre Tax)	5.37%	5.27%	2.77%	5.32%	4.62%
RoA	3.41%	4.04%	2.01%	3.49%	3.31%
RoE	16.04%	17.12%	8.58%	16.56%	14.71%
Leverage (times)	3.54	3.12	3.21	3.54	3.21
Cost to Income Ratio	38.73%	39.11%	43.09%	39.33%	40.25%
Earnings per Share (Rs.)	38.07	44.97	23.19	149.88	151.60
Book Value per Share (Rs)	969	1070	1092	969	1092
CRAR Total	22.94%	25.30%	27.69%	22.94%	27.69%
CRAR (Tier I)	22.84%	25.30%	27.69%	22.84%	27.69%

## Stage Analysis as per Ind AS

INR Cr.

Provisions Analysis as per Ind AS	Q4FY19	Q3FY20	Q4FY20
Stage 3 - Gross	2577	2461	2263
Stage 3 - ECL Provisions	1124	1073	1097
Stage 3 – Net	1453	1388	1166
<b>Stage 3 - Coverage Ratio (%)</b>	<b>43.61%</b>	<b>43.60%</b>	<b>48.47%</b>
Stage 1 & 2 – Gross	26339	26461	26394
Stage 1 & 2 - ECL Provisions	803	854	947
Stage 1 & 2 – Net	25536	25607	25446
<b>Stage 1 &amp; 2 - ECL Provisions %</b>	<b>3.05%</b>	<b>3.23%</b>	<b>3.59%</b>
<b>Stage 3 % - Gross</b>	<b>8.91%</b>	<b>8.51%</b>	<b>7.90%</b>
<b>Stage 3 % - Net</b>	<b>5.23%</b>	<b>4.98%</b>	<b>4.23%</b>

## Analysis of stage 3 (as per IND AS)

Product	Stage 3 Gross %			Stage 3 Net %			Stage 3 ECL %		
	Q4FY19	Q3FY20	Q4FY20	Q4FY19	Q3FY20	Q4FY20	Q4FY19	Q3FY20	Q4FY20
Small Enterprise Finance	9.24%	8.86%	8.33%	5.36%	5.05%	4.23%	44.37%	45.32%	51.35%
Two Wheelers	9.61%	8.89%	8.12%	5.49%	5.05%	3.91%	45.39%	45.42%	53.97%
Personal Loans	11.04%	10.99%	11.13%	6.77%	6.74%	6.73%	41.45%	41.46%	42.33%
Auto Loans	11.63%	9.08%	5.42%	6.06%	4.59%	2.38%	50.99%	51.82%	57.41%
Loan Against Gold	2.34%	3.38%	4.37%	2.22%	3.22%	4.17%	4.89%	4.97%	4.78%
<b>Total</b>	<b>8.91%</b>	<b>8.51%</b>	<b>7.90%</b>	<b>5.23%</b>	<b>4.98%</b>	<b>4.23%</b>	<b>43.61%</b>	<b>43.60%</b>	<b>48.47%</b>

## Diversified Borrowing Profile & adequate Liquidity Backup

Source	Q3FY20	Q4FY20
<b>Total Borrowings (INR Cr.)</b>	<b>22030</b>	<b>23166</b>
Term Loans (%)	40%	37%
CC & WCDL (%)	9%	9%
Retail Fixed Deposits and Sub.Debt (%)	19%	18%
Public Issue NCD (%)	4%	4%
Institutional NCD & Sub.Debt (%)	12%	16%
Securitization (%)	14%	16%
Commercial Papers (%)	2%	0.5%
Average Cost of Borrowing (%)	<b>9.71%</b>	<b>9.66%</b>

➤ **Fresh mobilization in Q4FY20: Rs. 3638 Crore as under:**

*Privately placed Bonds: Rs. 1125 Cr., Term Loans: Rs. 810 Cr., Securitization under PCG Scheme: Rs.671 Cr, Other Securitization: Rs. 543 Cr, and Retail Fixed Deposits: Rs. 489 Cr.*

➤ **Door-to-door tenor of resources mobilized in Q4:**

*Privately placed Bonds: 19 months, Term Loans: 43 months, Securitization under PCG Scheme: 67 months, Other Securitization: 30 months, and Retail Fixed Deposits: 37 months*






➤ **As on 31<sup>st</sup> March 2020, liquidity backup in the form of free cash and Bank balances was Rs. 2142 Cr., and undrawn Bank lines were Rs. 250 Cr.**

## ALM statement as of 31 March 2020

INR Cr.

Particulars	0 - 1 month	1 - 2 months	2 - 3 months	3 - 6 months	6 - 12 months	1 - 3 years	3 - 5 years	Over 5 years
Net Cash Position	2142							
Scheduled Inflows	1389	955	1383	4163	6651	9607	3095	1414
Scheduled Outflows	778	916	1079	2043	6337	10545	1465	3
Mismatch	2754	39	304	2120	314	-938	1630	1411
<b>Cumulative Mismatch</b>	<b>2754</b>	<b>2792</b>	<b>3096</b>	<b>5217</b>	<b>5530</b>	<b>4593</b>	<b>6222</b>	<b>7634</b>

# Product Summary

 <p>57% of AUM</p>	 <p>21% of AUM</p>	 <p>11% of AUM</p>	 <p>6% of AUM</p>	 <p>5% of AUM</p>
MSME Financing	Two-Wheeler Financing	Gold Loans	Personal Loans	Auto Loans
<ul style="list-style-type: none"> <li>• Launch Year: 2006</li> <li>• Loans to micro, small and medium enterprises.</li> <li>• Strong Presence in Andhra, Telangana, Tamil Nadu &amp; Maharashtra.</li> <li>• Ticket Size: 10 – 15 L</li> <li>• Tenor: 36 – 60 months.</li> <li>• Yield Band: 14 – 22%</li> <li>• LTV: Cash Flow based Lending</li> </ul>	<ul style="list-style-type: none"> <li>• Launch Year: 2002</li> <li>• Among the largest 2W financiers on volume basis</li> <li>• Focus on non salaried class</li> <li>• Tech – based lending</li> <li>• Ticket Size: 50 – 52 K</li> <li>• Tenor: 24 – 30 months.</li> <li>• Yield Band: 21 – 26%</li> <li>• LTV: C. 75%</li> </ul>	<ul style="list-style-type: none"> <li>• Launch Year: 2007</li> <li>• Focused on 5 leading gold demand states.</li> <li>• Offered through existing regional network.</li> <li>• Ticket Size: 40 – 50 K</li> <li>• Tenor: 4 – 6 months.</li> <li>• Yield Band: 14 – 18%</li> <li>• LTV: C. 75%</li> </ul>	<ul style="list-style-type: none"> <li>• Launch Year: 2002</li> <li>• Cross sell product – Currently offered to 2W customers.</li> <li>• Entirely based on data mining &amp; analytics</li> <li>• Ticket Size: 75K</li> <li>• Tenor: 18 – 36 months.</li> <li>• Yield Band: 22 – 28%</li> <li>• LTV: Cash Flow based Lending</li> </ul>	<ul style="list-style-type: none"> <li>• Launch Year: 2006 (Pre-owned 2Ws : in 2020)</li> <li>• Primarily involves Preowned cars, PVs &amp; 3Ws and 2Ws</li> <li>• Relationship based lending, offered to existing/past customers.</li> <li>• Ticket Size: 0.25 – 1.5 L</li> <li>• Tenor: 24 – 48 months.</li> <li>• Yield Band: 18 – 24%</li> <li>• LTV: 60 – 80%</li> </ul>

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# SUBSIDIARY DETAILS

SHRIRAM HOUSING FINANCE LIMITED



# Shriram Housing Finance Ltd.

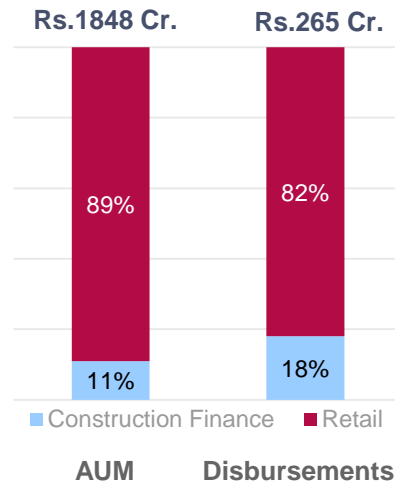


**Housing:  
7.92% of  
Consol  
AUM**

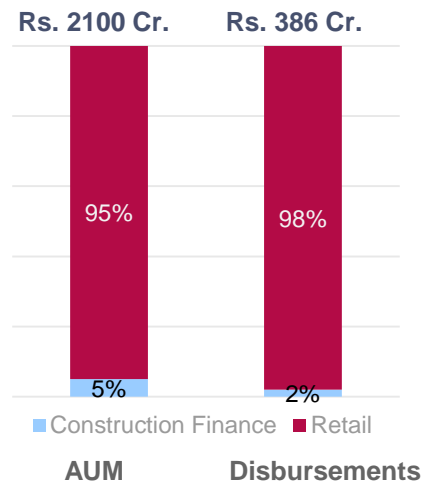
- ✓ Registered as non-deposit accepting HFC with the National Housing Bank
- ✓ Predominantly catering to self-employed borrowers/ informal salaried customers in Tier-II / Tier-III towns
- ✓ Focus on middle-income segment; average ticket size of INR 19.2 lakhs
- ✓ Operates out of 65 branches across 15 states in India with 798 employees, catering to 11051 customers
- ✓ Rated 'AA+' by Care Ratings and 'Ind AA' by India Ratings

## Loan AUM Split

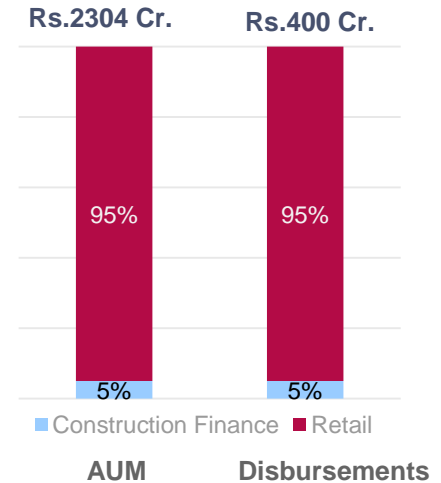
As of Q4FY19



As of Q3FY20



As of Q4FY20



# Shriram Housing Finance Ltd. – a snapshot of Q4 and FY20

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- ✓ Assets under Management at Rs. 2304 Crore grew 25% YoY and 10% QoQ
- ✓ Disbursements at Rs. 400 Cr in Q4 were the highest ever despite the nationwide Lockdown affecting the last week of March
- ✓ GNPA of 2.4% was the lowest in the last five years due to strong performance of new book and collection efficiency. Of the new book, only two customers are delinquent (under 60 DPD)
- ✓ Additional provisioning of Rs. 10 Cr was made in Q4 in view of the impact of Covid-19
- ✓ As on 31<sup>st</sup> March 2020, SHFL possessed backup liquidity of Rs. 1270 Cr (available: Rs. 376 Cr., sanctions: Rs. 894 Cr). The existing liquidity is sufficient to take care of disbursements until September 2020.
- ✓ Cost of Funds remained stable at 9.49%
- ✓ SHFL has put in place a Board-approved Moratorium policy for its customers

# Shriram Housing Finance Ltd

## Quarterly Financial Highlights

Particulars (INR in Crores)	Q4FY19	Q3FY20	Q4FY20	Growth	
				YoY	QoQ
Assets Under Management	1848	2100*	2304*	24.7%	9.7%
Disbursements	265	386	400	50.9%	3.6%
Interest Income	62.8	62.2	62.5	(0.5%)	0.5%
Other Operating Income	8.6	39.8	49.9	480.2%	25.4%
Income from Operations	71.4	102.0	112.4	57.4%	10.2%
Interest Expenses	33.5	41.9	44.3	32.2%	5.7%
Net Interest Income	37.9	60.1	68.1	79.7%	13.3%
Operating Expenses	28.4	29.6	34.4	21.1%	16.2%
Impairment on Financial Instruments & Write-offs	(3.0)	1.4	16.8**	-	-
Profit Before Tax	12.5	29.1	17.0	36%	(41.6%)
<b>Profit After Tax</b>	9.2	20.6	11.7	27.2%	(43.2%)

\* Includes assigned pool

\*\* Includes INR 10 Crore of enhanced provisions related to COVID-19

# Shriram Housing Finance Ltd

## Annual Highlights

Particulars (INR in Crores)	FY19	FY20	GROWTH
Assets Under Management	1848	2304*	24.7%
Disbursements	759	1127	48.5%
Interest Income	264.8	259.6	(2%)
Other Operating Income	26.5	106.4	301.5%
Income from Operations	291.3	366.0	25.6%
Interest Expenses	128.6	163.0	26.7%
Net Interest Income	162.6	203.0	24.8%
Operating Expenses	111.8	112.1	0.3%
Impairment on Financial Instruments & Write-offs	25.8	25.6**	(0.8%)
Profit Before Tax	25.1	65.3	160.2%
<b>Profit After Tax</b>	<b>16.7</b>	<b>46.6</b>	<b>179.0%</b>

\* Includes assigned pool

\*\* Includes INR 10 Crore of enhanced provisions related to COVID-19

# Shriram Housing Finance Ltd

## Key Ratios

Analysis on Average AUM	Q4FY19	Q3FY20	Q4FY20	FY19	FY20
Yield on Assets	16.2%	20.8%	22.3%	15.8%	18.5%
Finance Expenses	8.6%	9.6%	9.6%	8.2%	9.0%
Net Interest Margin	7.6%	11.2%	12.7%	7.6%	9.5%
Cost-to-Income	75%	49.3%	50.5%	68.7%	55.2%
Gross NPAs	2.8%	2.7%	2.4%	2.8%	2.4%
Net NPAs	2.2%	2.1%	1.9%	2.2%	1.9%
RoA	1.8%	3.6%	1.9%	0.8%	2.0%
RoE	8.1%	16.6%	9.2%	3.6%	9.6%
Leverage (times)	3.6	3.5	3.8	3.6	3.8
Capital Adequacy Ratio	29.9%	29.4%	27.8%	29.9%	27.8%
Net Worth (INR Cr.)	465.8	501.1	513.0	465.8	513.0

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