SHRIRAM CITY UNION FINANCE LIMITED

Performance Review for the quarter ended June 2017

Performance Updates

- Shriram City during the quarter ended June 2017, recorded 17.5% growth in Assets Under Management (AUM) as compared to June 2016 and AUM as at June 2017 is at Rs. 24053 Crores. Non gold portfolio recorded a 18.1% growth. On quarterly basis total AUM grew by 4% and non gold portfolio recorded a 3.5% growth.

- Small enterprise finance portfolio continues to remain as the largest contributing segment at 54.6% of total AUM. This segment has recorded a 17.3% growth on a YOY basis.

- Disbursements for the quarter stood at 5799 Cr – growth of 7.4% as compared same period previous year. 40% of disbursements are in small enterprise finance portfolio.

- Yield on assets for the quarter ended June 2017 stood at 20.64% as compared to 21.04% in June 2016

- Cost of borrowings recorded a dip of 76 bps and is at 9.31% as compared to 10.07% in June 2016

- Net interest margin stood at 13.83% for the quarter ended June 2017 as compared to 13.71% in June 2016 - deriving benefits from lower cost of funds.

Performance Updates contd.,

- Personnel expenses & Opex are at 5.42% of AUM as compared to 5.47% previous year. On absolute terms personnel expenses increased by 14.9% & opex by 18.6% on YOY basis.

- NPA is recognized at 120 days past due basis and Gross NPA is at 6.76%. Coverage has been made at 73.8% and the Net NPA stood at 1.77%

- Profit Before Tax for quarter stood at Rs. 297.81 Crores, a growth of 7% as compared to June 2016.

- Profit After Tax for quarter stood at Rs. 193.86 Crores, a growth of 6.6% as compared to June 2016.

Performance Highlights – Quarter Ended June 2017

SHRIRAM City
MONEY WHEN YOU NEED IT MOST

(INR in Crores)

Particulars	Quarter ended			Growth	
	Jun-16	Mar-17	Jun-17	YOY	QOQ
Assets Under Management	**20473**	**23132**	**24053**	**17.5%**	**4.0%**
Disbursements	5398	6245	5799	7.4%	-7.1%
Income from Operations	1053	1107	1218	15.6%	10.0%
Interest Expenses	367	394	402	9.4%	2.1%
Net Interest Income	**686**	**713**	**816**	**18.9%**	**14.3%**
Other Income	2	0	2	13.0%	243.2%
Personnel Expenses	138	139	158	14.9%	13.9%
Operating Expenses *(incl Depreciation)*	136	143	162	18.6%	13.3%
Pre Provisions Profits	**414**	**432**	**498**	**20.2%**	**15.1%**
Provisions & Write offs	136	412	200	47.4%	-51.5%
Profit Before Tax	**278**	**21**	**298**	**7.0%**	**1345.0%**
Profit After Tax	**182**	**12**	**194**	**6.6%**	**1509.5%**

Disbursements & Assets Under Management

(INR in Crores)

Product Segment	Disbursements (quarter ended)			Growth	
	Jun-16	Mar-17	Jun-17	YOY	QOQ
Small Enterprises Finance	2371	2405	2330	-1.8%	-3.1%
Two Wheeler	1009	921	1031	2.2%	12.0%
Others	600	690	630	5.0%	-8.7%
Disbursements - Excl Gold	**3981**	**4015**	**3991**	**0.3%**	**-0.6%**
Loan Against Gold	1417	2229	1808	27.6%	-18.9%
Total Disbursements	**5398**	**6245**	**5799**	**7.4%**	**-7.1%**

Product Segment	Assets Under Management (as at)			Growth	
	Jun-16	Mar-17	Jun-17	YOY	QOQ
Small Enterprises Finance	11196	12659	13134	17.3%	3.8%
Two Wheeler	3649	4058	4126	13.1%	1.7%
Others	2410	2988	3125	29.7%	4.6%
AUM - Excl Gold	**17254**	**19705**	**20386**	**18.2%**	**3.5%**
Loan Against Gold	3218	3427	3668	14.0%	7.0%
Total AUM	**20472**	**23132**	**24053**	**17.5%**	**4.0%**

Analysis on Average AUM

(INR in Crores)

Analysis on Average AUM	Qtr ended		
	Jun-16	Mar-17	Jun-17
Income from Operations	21.04%	19.39%	20.64%
Financial Expenses	7.34%	6.90%	6.81%
Gross Spread	**13.71%**	**12.50%**	**13.83%**
Personnel Expenses	2.75%	2.43%	2.68%
OPEX	2.72%	2.50%	2.74%
Total Expenses	**5.47%**	**4.93%**	**5.42%**
Other Income	0.03%	0.01%	0.03%
Pre Provision Profits	**8.27%**	**7.57%**	**8.44%**
Provisions for NPA	0.95%	4.54%	0.99%
Provisions for Standard Assets	0.06%	0.20%	0.05%
Write offs	1.69%	2.48%	2.34%
Provisions & Write offs	**2.71%**	**7.21%**	**3.39%**
Net Spread (Pre Tax)	**5.56%**	**0.36%**	**5.05%**

Borrowing Profile

(INR in Crores)

Segment wise Borrowing as at Jun 17

Details as at Jun 17				
Segment	Total	Fixed	Semi Fixed	Floating
Total Borrowings	17500	50%	35%	16%
Weighted Average Tenor (in months)	19.27	13.76	25.75	22.43

NPA Analysis

(INR in Crores)

Particulars	As at		
	Jun-16	Mar-17	Jun-17
NPA Recognition Norms	**150 dpd**	**120 dpd**	**120 dpd**
GNPA	1024	1537	1605
NNPA	293	410	421
Provisions	731	1127	1184
Total Assets	20033	22847	23759
GNNPA %	**5.11%**	**6.73%**	**6.76%**
NNPA %	**1.46%**	**1.79%**	**1.77%**
Coverage Ratio	71.4%	73.3%	73.8%

Product Segment wise NPA as at June 17			
Product Segment	GNPA%	NNPA%	Coverage Ratio
Two Wheelers	7.43%	2.06%	72.2%
Auto Loans	9.15%	2.44%	73.3%
Personal Loans	9.01%	-	100.0%
Small Enterprises Finance	7.14%	2.11%	70.4%
Loan Against Gold	2.70%	0.80%	70.2%
Total	**6.76%**	**1.77%**	**73.8%**

Key Ratios

(INR in Crores)

Particulars	Quarter Ended		
	Jun-16	Mar-17	Jun-17
Tier I CRAR	23.19%	22.22%	21.88%
Tier II CRAR	2.54%	1.66%	1.49%
Capital Adequacy Ratio (%)	**25.73%**	**23.88%**	**23.37%**
Return on Average Net Worth (%)	15.82%	0.97%	15.26%
Return on Average Total Assets (%)	3.44%	0.20%	3.12%
Leverage	3.15	3.39	3.40
Book Value (Rs.)	711	762	780
Earnings Per Share (Rs.)	27.57	1.83	29.40

Subsidiary Performance Review
-Shriram Housing

Financial Highlights (1/2)

Particulars (INR cr.)	Quarter ended			Growth	
	Jun 16	Mar 17	Jun 17	YOY	QOQ
AUM	**1,517.4**	**1,775.0**	**1,642.7**	***8.3%***	***(7.5%)***
Disbursements	**321.3**	**128.3**	**136.5**	***(57.5%)***	***6.4%***
Retail	*219.3*	*110.7*	*129.2*	*(41.1%)*	*16.7%*
CF	*102.0*	*17.6*	*7.3*	*(92.8%)*	*(58.6%)*
Income from Ops	**56.8**	**73.3**	**67.3**	***18.5%***	***(8.2%)***
Retail	*51.5*	*62.0*	*60.8*	*18.0%*	*(1.9%)*
CF	*5.2*	*11.3*	*6.5*	*23.7%*	*(42.8%)*
Total Income	**56.8**	**73.7**	**69.0**	***21.4%***	***(6.3%)***
Interest expenses	21.9	32.4	32.5	*(48.1%)*	*(0.4%)*
Employee expenses	10.6	11.0	6.0	*43.1%*	*45.6%*
Operating expenses & Others	8.5	10.9	11.0	*(29.2%)*	*(0.65%)*
One-off expenses	--	--	2.8	--	--
Prov. & write-offs	8.2	12.2	11.9	*(44.4%)*	*2.5%*
Profit Before Tax (PBT)	**7.6**	**7.1**	**4.8**	***(36.3%)***	***(32.4%)***
PBT (excl. one-off expenses)	**7.6**	**7.1**	**7.6**	***0.36%***	***6.53%***
Profit After Tax	**5.2**	**5.3**	**4.6**	***(12.1%)***	***(13.3%)***

- QoQ AUM contraction: ~INR 268 cr. (CF: INR 115 Cr.
- Focus on low ticket housing loan disbursements
- Increased Disbursement per sales force
- QoQ Drop in Retail yield by 0.8% to 15.1%
- Attrition in CF AUM
- **YoY Int. Exp:** Increase in Leverage during interim period, however debt prepaid by Q1-18
- WAC 9.2% in Q1 18 vs 9.9% in Q1 17
- Provisions & w/o is higher due to high GNPA of 4.8% and provisioning on repo assets of INR 3.5 cr.

Financial Highlights (2/2)

Particulars	Quarter ended			*Variance*	
	Jun 16	**Mar 17**	**Jun 17**	***YOY***	***QOQ***
Income from Ops (% of avg. AUM)	16.31%	16.48%	15.79%	*(0.51%)*	*(0.68%)*
Avg. cost of borrowing	9.85%	9.49%	9.22%	*0.63%*	*0.27%*
NIMs	10.00%	9.20%	8.16%	*(1.84%)*	*(1.03%)*
Cost to Income Ratio	54.66%	53.18%	54.16%	*0.51%*	*(0.98%)*
Gross NPAs	3.95%	2.59%	4.80%	*(0.86%)*	*(2.21%)*
Net NPAs	2.85%	1.82%	3.36%	*(0.51%)*	*(1.55%)*
ROA	1.38%	1.10%	0.97%	*(0.41%)*	*(0.13%)*
ROE	5.37%	5.20%	4.40%	*(0.97%)*	*(0.80%)*
Debt / Equity	2.80x	3.33x	3.12x	*(0.32x)*	*0.21x*
Capital Adequacy Ratio	35.80%	29.95%	31.68%	*(4.12%)*	*1.73%*
Net worth (INR cr.)	391.42	417.21	419.04	*27.63*	*1.84*

- Income from Ops (as % of Avg AUM) has dropped owing to attrition of high-yielding loans
- Avg. cost of borrowing improved owing to prepayment of some high cost term loans
- ROA & ROE contracted due to higher provisioning impacting PAT

Thank You