SHRIRAM CITY UNION FINANCE LIMITED

Performance Review for the quarter ended Sept 2017

Performance Updates

➢ AUM at Rs. 24898 Crores –	Growth of **3.5%** QOQ & **16.4%** YOY
✓ Non Gold AUM constitutes over 85% -	Growth of **4.2%** QOQ & **15.9%** YOY
✓ Small Enterprise Finance continues to constitute over 55% -	Growth of **5.0%** QOQ & **14.7%** YOY

➢ Disbursements at Rs. 6137 Crores-	Growth of **5.8%** QOQ & **10.2%** YOY
✓ Non Gold Disbursements constitutes 69% -	Growth of **6.5%** QOQ & **6.2%** YOY
✓ 41% of disbursements are in small enterprise finance portfolio.	

Performance Updates

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✓ Yield on Assets	@ 21.01% improved from 20.64% in Jun 17
✓ Cost of Borrowings	@ 9.26% as compared to 9.31% in previous quarter
✓ Net Interest margin	@ 14.26% deriving benefits from reduction in cost of borrowings
✓ OPEX & Personnel Expenses	@ 5.42% remained constant
✓ Cost to income ratio	@ 38.01% as against 39.20% in Jun 17
✓ Pre provision profits	@ 8.85% on AUM up by 41 bps as compared to Jun 17

- ➢ NPA Continues to be recognized on 120 DPD basis – GNPA @ 6.91%.
- ✓ Coverage maintained @ 73.6% & Net NPA is at 1.83%
- ✓ Provisions & Write offs on AUM @ 3.88% as against 3.39% in Jun 17

- ➢ Profit Before tax @ Rs. 304.07 Crores & Profit After tax is at Rs. 198.30 Cr - up by 2.3 % on QOQ
- ➢ Net Spread (pre tax) is @ 4.97% in Jun 17

Performance Highlights – Half Year Ended Sept 2017

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(INR in Crores)

Particulars	Half year ended		YOY Growth
	Sep-16	Sep-17	
Assets Under Management	**21390**	**24898**	**16.4%**
Disbursements	10965	11937	8.9%
Income from Operations	2169	2502	15.4%
Interest Expenses	747	814	9.0%
Net Interest Income	**1421**	**1688**	**18.8%**
Other Income	2	2	15.0%
Personnel Expenses	272	326	19.9%
Operating Expenses *(incl Depreciation)*	285	325	14.2%
Pre Provisions Profits	**866**	**1039**	**19.9%**
Provisions for NPA	69	130	87.3%
Provisions for Standard Assets	5	6	10.8%
Write offs	200	301	50.7%
Provisions & Write offs	**275**	**437**	**59.2%**
Profit Before Tax	**591.85**	**601.88**	**1.7%**
Profit After Tax	**386.28**	**392.16**	**1.5%**

Performance Highlights – Quarter Ended Sept 2017

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(INR in Crores)

Particulars	Quarter ended			Growth	
	Sep-16	Jun-17	Sep-17	YOY	QOQ
Assets Under Management	**21390**	**24053**	**24898**	**16.4%**	**3.5%**
Disbursements	5567	5799	6137	10.2%	5.8%
Income from Operations	1115	1218	1285	15.2%	5.5%
Interest Expenses	380	402	412	8.5%	2.6%
Net Interest Income	**735**	**816**	**872**	**18.7%**	**7.0%**
Other Income	0	2	0	25.0%	-78.5%
Personnel Expenses	135	158	168	25.0%	6.3%
Operating Expenses *(incl Depreciation)*	148	162	163	10.2%	1.2%
Pre Provisions Profits	**453**	**498**	**541**	**19.6%**	**8.8%**
Provisions for NPA	22	59	71	229.2%	21.3%
Provisions for Standard Assets	2	3	3	26.7%	-1.6%
Write offs	115	138	163	41.7%	18.0%
Provisions & Write offs	**139**	**200**	**237**	**70.6%**	**18.7%**
Profit Before Tax	**313.49**	**297.81**	**304.07**	**-3.0%**	**2.1%**
Profit After Tax	**204.49**	**193.86**	**198.30**	**-3.0%**	**2.3%**

Disbursements & Assets Under Management

(INR in Crores)

Product Segment	Disbursements (quarter ended)			Growth	
	Sep-16	Jun-17	Sep-17	YOY	QOQ
Small Enterprises Finance	2422	2330	2515	3.8%	8.0%
Two Wheeler	1005	1031	1059	5.5%	2.7%
Others	575	630	674	17.2%	7.1%
Disbursements - Excl Gold	**4002**	**3991**	**4249**	**6.2%**	**6.5%**
Loan Against Gold	1565	1808	1888	20.7%	4.4%
Total Disbursements	**5567**	**5799**	**6137**	**10.2%**	**5.8%**

Product Segment	Assets Under Management (as at)			Growth	
	Sep-16	Jun-17	Sep-17	YOY	QOQ
Small Enterprises Finance	12029	13134	13793	14.7%	5.0%
Two Wheeler	3758	4126	4191	11.5%	1.6%
Others	2553	3125	3273	28.2%	4.7%
AUM - Excl Gold	**18340**	**20386**	**21257**	**15.9%**	**4.3%**
Loan Against Gold	3049	3668	3641	19.4%	-0.7%
Total AUM	**21390**	**24053**	**24898**	**16.4%**	**3.5%**

Analysis on Average AUM

(INR in Crores)

Analysis on Average AUM	Qtr ended			As at	
	Sep-16	Jun-17	Sep-17	Sep-16	Sep-17
Income from Operations	21.31%	20.64%	21.00%	21.18%	20.84%
Financial Expenses	7.27%	6.81%	6.74%	7.30%	6.78%
Gross Spread	**14.05%**	**13.83%**	**14.26%**	**13.88%**	**14.06%**
Personnel Expenses	2.57%	2.68%	2.75%	2.66%	2.72%
OPEX	2.84%	2.74%	2.67%	2.78%	2.71%
Total Expenses	**5.41%**	**5.42%**	**5.42%**	**5.44%**	**5.42%**
Other Income	0.01%	0.03%	0.01%	0.02%	0.02%
Pre Provision Profits	**8.65%**	**8.44%**	**8.85%**	**8.46%**	**8.65%**
Provisions for NPA	0.41%	0.99%	1.16%	0.68%	1.08%
Provisions for Standard Assets	0.04%	0.05%	0.05%	0.05%	0.05%
Write offs	2.20%	2.34%	2.67%	1.95%	2.51%
Provisions & Write offs	**2.66%**	**3.39%**	**3.88%**	**2.68%**	**3.64%**
Net Spread (Pre Tax)	**5.99%**	**5.05%**	**4.97%**	**5.78%**	**5.01%**

Borrowing Profile

(INR in Crores)

Segment wise Borrowing as at Sept 17

- ✓Total Borrowings as at Sept 17 is Rs. 18126 Cr
- ✓Bank borrowings continues to constitute major portion at over 58%
- ✓Retail borrowings is at 21% as compared to 26% in Sept 16
- ✓Market borrowings is at 19% as compared to 15% in Sept 2016
- ✓Outstanding of Public issue of NCD is at 2% as compared to 3%

Details as at Sept 17				
Segment	**Total**	**Fixed**	**Semi Fixed**	**Floating**
Total Borrowings	18126	50%	36%	14%
Weighted Average Tenor (in months)	18.02	12.16	25.18	20.82

NPA Analysis

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(INR in Crores)

Particulars	As at	
	Jun-17	Sep-17
NPA Norms	**120 dpd**	**120 dpd**
GNPA	1605	1706
NNPA	421	451
Provisions	1184	1256
Total Assets	23759	24691
GNNPA %	**6.76%**	**6.91%**
NNPA %	**1.77%**	**1.83%**
Coverage Ratio	**73.8%**	**73.6%**

Product Segment	GNPA %		Net NPA %	
	Jun 17	Sep 17	Jun 17	Sep 17
NPA Norms	**120 dpd**	**120 dpd**	**120 dpd**	**120 dpd**
Small Enterprises Finance	7.14%	7.31%	2.11%	2.15%
Two Wheelers	7.43%	7.55%	2.06%	2.19%
Auto Loans	9.15%	9.31%	2.44%	2.52%
Personal Loans	9.01%	8.87%	-	-
Loan Against Gold	2.70%	2.75%	0.80%	0.82%
Total	**6.76%**	**6.91%**	**1.77%**	**1.83%**

Key Ratios

(INR in Crores)

Particulars	Quarter Ended		
	Sep-16	Jun-17	Sep-17
Tier I CRAR	23.23%	21.88%	21.89%
Tier II CRAR	2.34%	1.49%	1.27%
Capital Adequacy Ratio (%)	**25.57%**	**23.37%**	**23.15%**
Return on Average Net Worth (%)	17.15%	15.26%	15.14%
Return on Average Total Assets (%)	3.73%	3.12%	3.08%
Leverage	3.19	3.40	3.39
Book Value (Rs.)	736.19	779.56	809.59
Earnings Per Share (Rs.)	31.02	29.40	30.08

Subsidiary Performance Review
-Shriram Housing

Quarterly Financial Highlights (1/2)

Particulars (INR cr.)	Q2 FY17	Q1 FY18	Q2 FY18	QoQ Growth	YoY Growth
AUM	**1,752.8**	**1,642.7**	**1,610.6**	***(2.0%)***	***(8.1%)***
Disbursements	**331.9**	**136.5**	**121.0**	***(11.3%)***	***(63.5%)***
Income from Ops	**72.3**	**67.3**	**65.4**	***(2.9%)***	***(9.6%)***
Retail	*62.0*	*60.8*	*59.7*	*(1.9%)*	*(3.7%)*
CF	*10.3*	*6.5*	*5.7*	*(12.4%)*	*(45.1%)*
Total Income	**73.1**	**69.0**	**65.9**	***(4.5%)***	***(9.8%)***
Interest expenses	29.5	32.5	28.1	*13.4%*	*4.4%*
Employee expenses	13.1	6.0	10.6	*(76.6%)*	*19.1%*
Operating expenses & Others	12.5	11.0	12.5	*(13.6%)*	*0.5%*
One-off expenses	0.0	2.8	0.0	*NM*	*NM*
Prov. & write-offs	2.5	11.9	3.9	*67.0%*	*(54.7%)*
Profit Before Tax (PBT)	**15.5**	**4.8**	**10.8**	***123.5%***	***(30.5%)***
PBT (excl. one-off expenses)	**15.5**	**7.6**	**10.8**	***41.6%***	***(30.5%)***
Profit After Tax	**10.1**	**4.6**	**7.4**	***60.6%***	***(26.9%)***

- QoQ AUM contraction: ~INR 154 cr.

- WAC 9.1% in Q2-18 vs 9.2% in Q1-18
- Q1-18 Emp. Cost: INR 3.5 cr. expense reversal owing to excess provisioning

- Provisions & w/o lower due to consistent GNPA requiring negligible incremental provisioning
- INR 4.1 cr. provisions for re-po assets

Quarterly Financial Highlights (2/2)

Particulars	Q1 FY18	Q2 FY17	Q2 FY18	QoQ Variance	YoY Variance
Income from Ops (% of avg. AUM)	15.79%	17.54%	15.94%	*0.15%*	*(1.60%)*
Avg. cost of borrowing (annualized)	9.22%	9.63%	9.13%	*(0.09%)*	*(0.50%)*
NIMs	8.16%	10.39%	9.07%	*0.91%*	*(1.32%)*
Cost to Income Ratio	54.16%	58.75%	61.11%	*(6.95%)*	*(2.37%)*
Gross NPAs	4.80%	3.48%	4.93%	*0.12%*	*1.45%*
Net NPAs	3.36%	2.56%	3.45%	*0.09%*	*0.89%*
ROA	0.97%	2.19%	1.61%	*0.64%*	*(0.58%)*
ROE	4.40%	10.10%	6.92%	*2.51%*	*(3.18%)*
Debt / Equity	3.12x	3.62x	2.80x	*(0.21x)*	*0.32x*
Capital Adequacy Ratio	31.68%	28.04%	35.01%	*3.33%*	*6.97%*
Net worth (INR cr.)	419.0	401.2	426.7	*7.7*	*25.5*

Thank You