

Ref: D: STEC

November 17, 2018

The Secretary,
BSE Ltd
P J Towers,
Dalal St,
Mumbai 400 001

The Manager
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra- Kurla Complex Bandra (E)
Mumbai 400 051

Sir,

Ref: Scrip Code: BSE – 532498 and NSE - SHRIRAMCIT

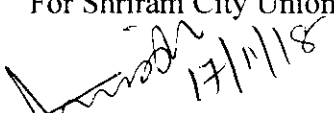
Further to our letter dated November 15, 2018 intimating about “Group Meeting with Mutual Funds”, please find attached the Debt Investor presentation made by the Company at the meeting held on November 16, 2018. This is an intimation under Regulation 30 read with Schedule III (Part A) (15) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,

For Shriram City Union Finance Limited,


C R Dash
Company Secretary



Encl: a/a.

Shriram City Union Finance Limited

Business Solution Centre, 144, Santhome High Road, Mylapore, Chennai – 600 004. Ph: +91 44 4392 5300, Fax: +91 44 4392 5430

Regd. Office: 123, Angappa Naicken Street, Chennai - 600 001. Ph : +91 44 2534 1431

E-mail : shriramcity@shriramcity.in Website : www.shriramcity.in

Corporate Identification Number (CIN) L65191TN1986PLC012840



Debt Investor Presentation

16 November 2018

Key Highlights on Shriram City Union Finance ('Shriram City')

1 Market-leading differentiated position in large, under-served retail markets



2 Strong parentage with established track record in financial services

3 Strong business fundamentals with diversification led growth

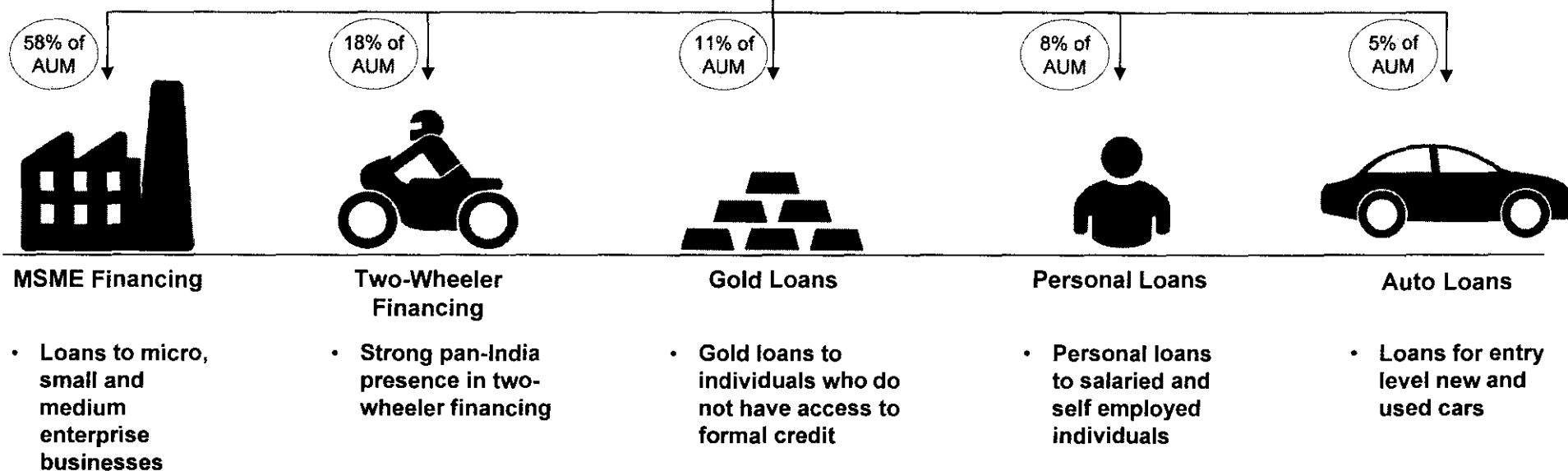
4 Healthy capitalization and balance sheet with adequate liquidity

5 Recent performance update

Shriram City Overview



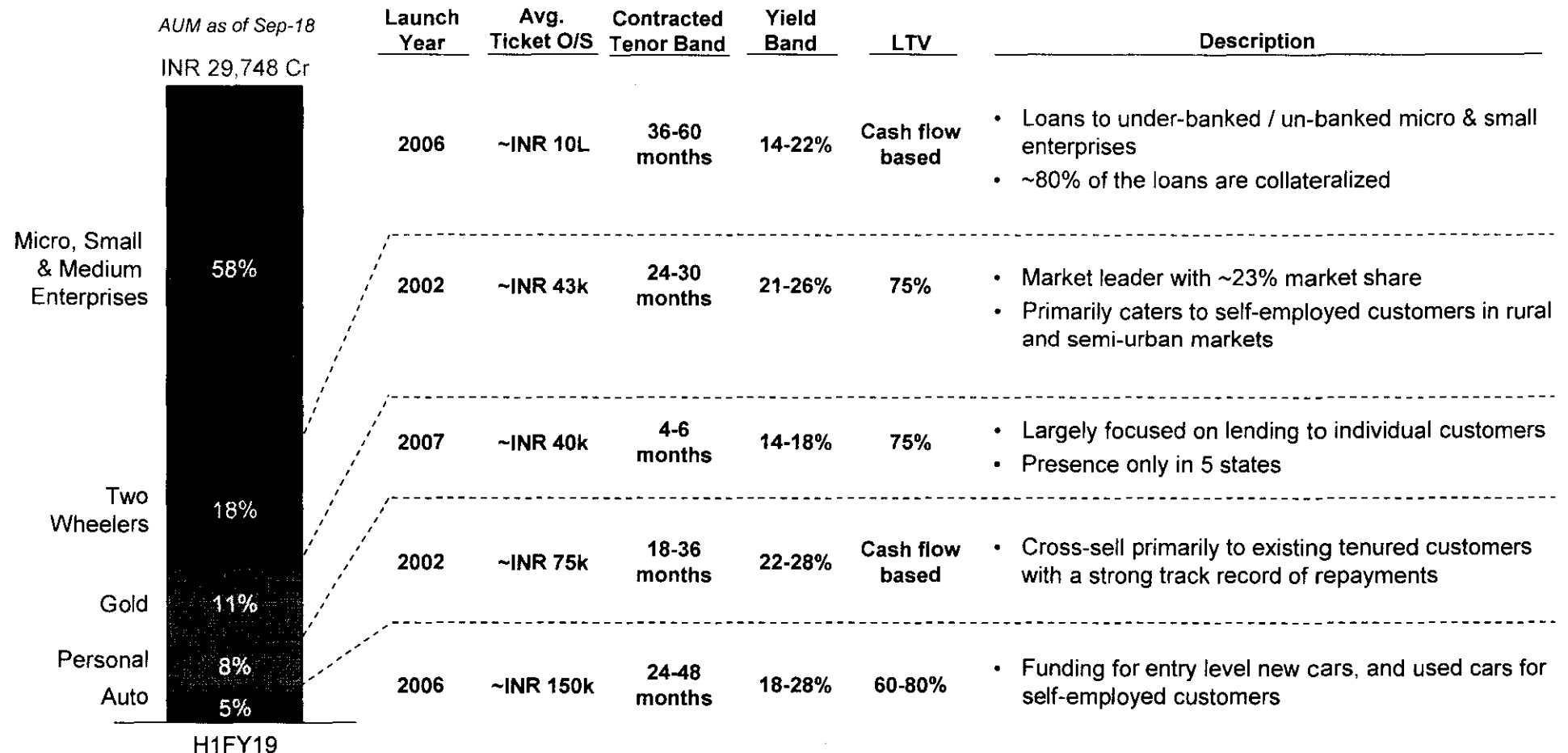
- 32 years in existence
- Primarily caters to un-banked and under-banked customers
- Leading small enterprise finance company in India in the small loan segment
- Leading two-wheeler lender in India
- Active customer base of 4.0m; Strong base of 27.7k employees
- Strong presence in the rural and semi-urban markets



Presence across attractive retail lending segments

Unique business model: Focus on under-served retail customers in large end-markets

Product Portfolio (AUM breakup)



Niche, granular and diversified product portfolio focused on harder to access customers

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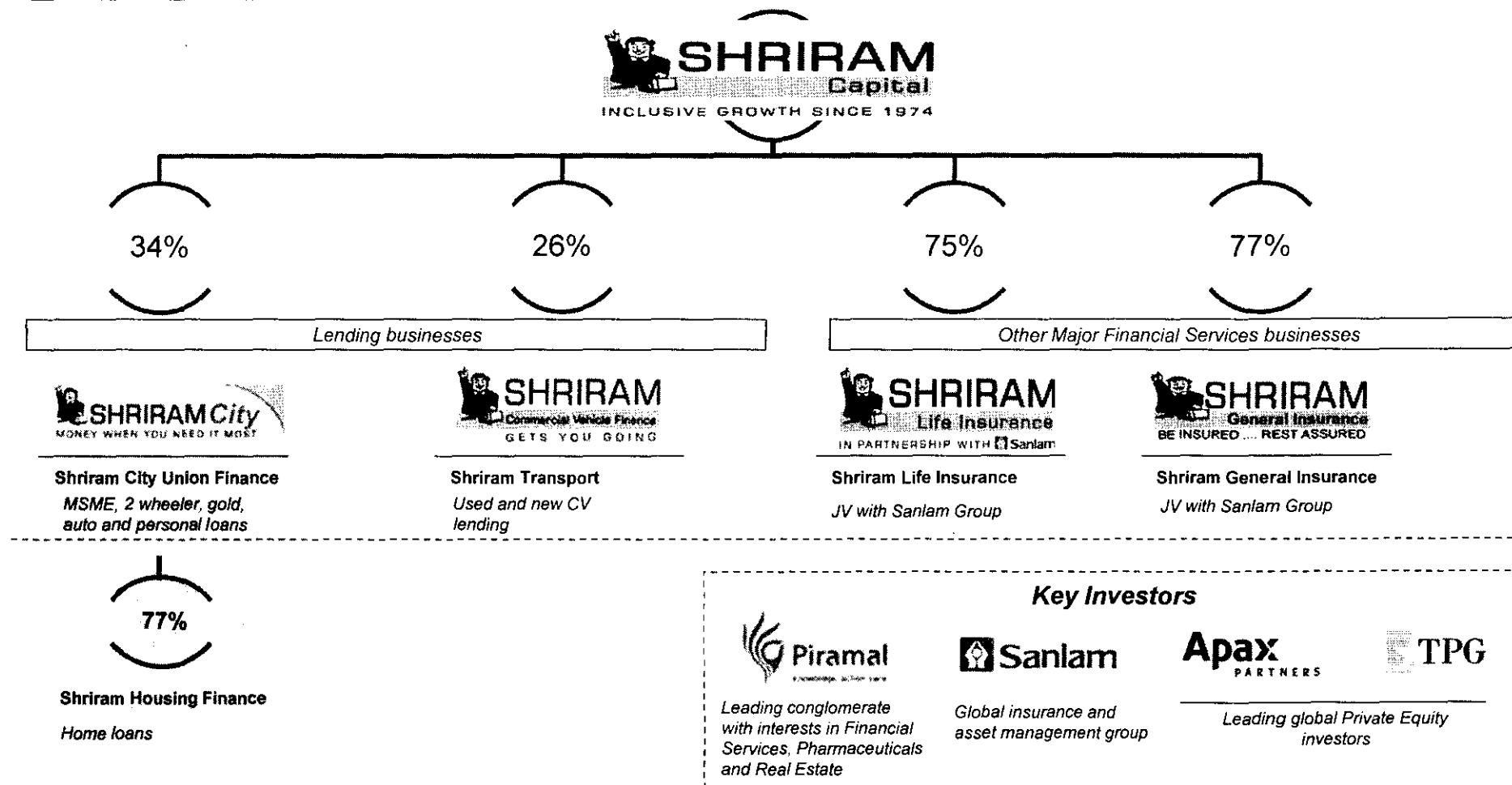
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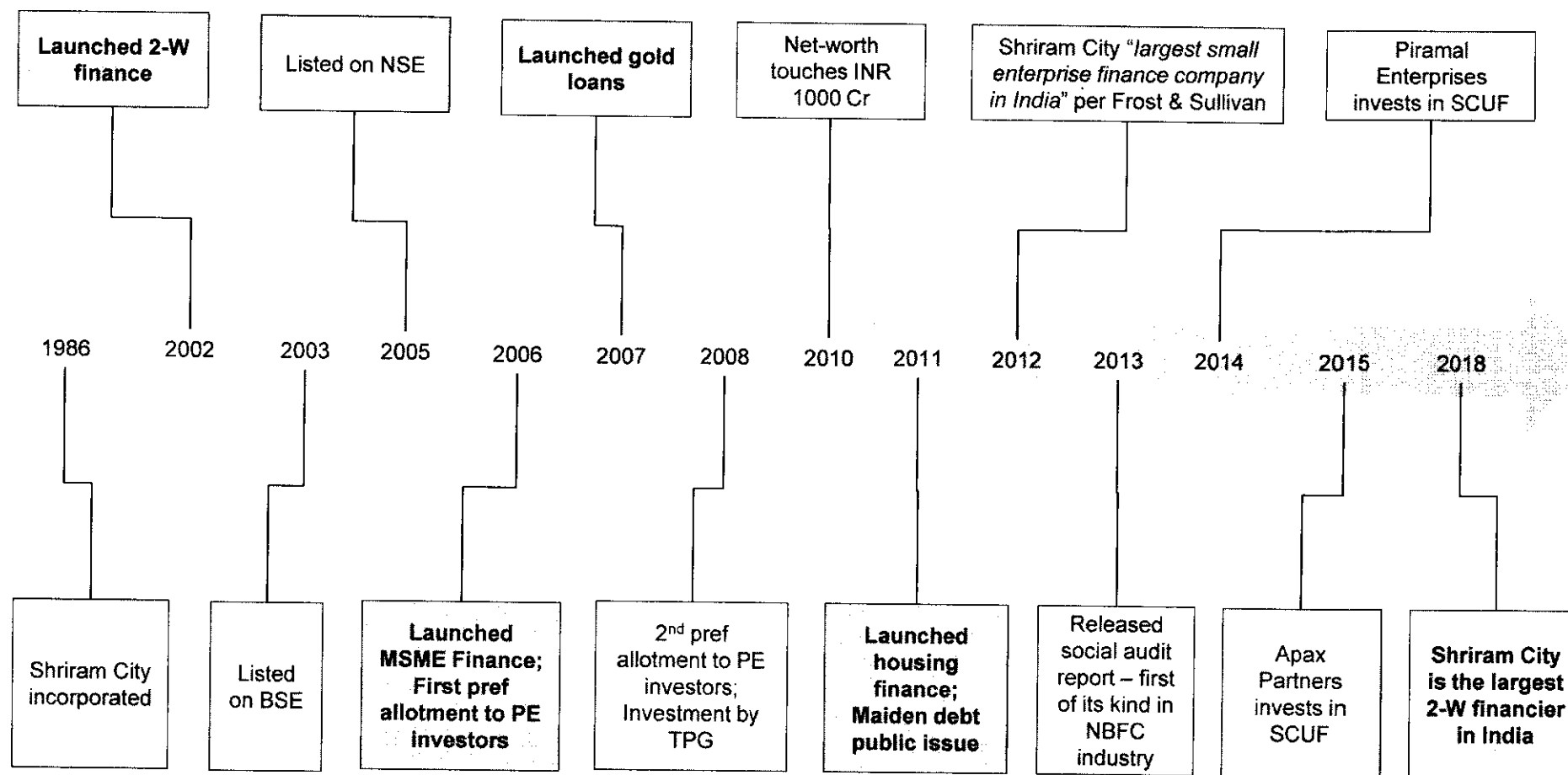


Strong parentage through Shriram Group

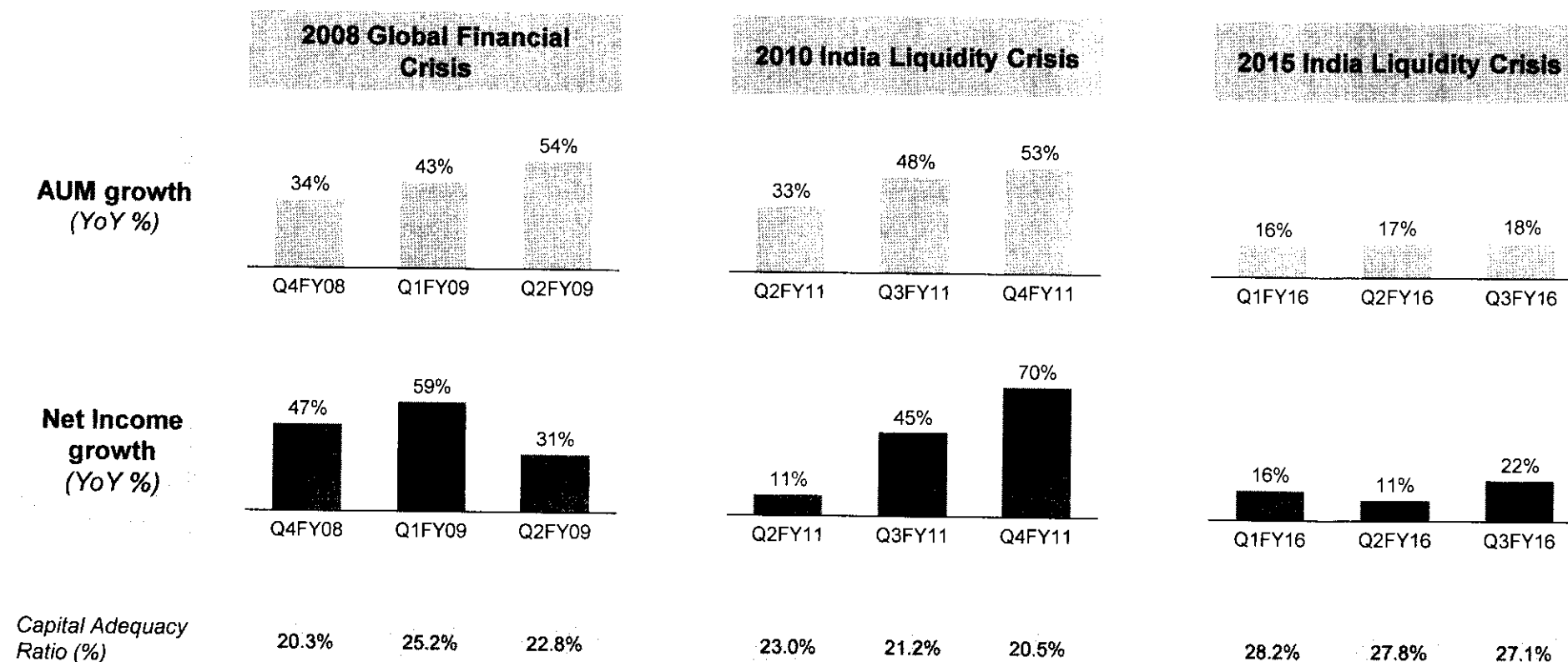


Significant synergies derived by virtue of Shriram Group parentage

Corporate History: More than three decades of rich track record



Successfully navigated through multiple 'liquidity crises' in the past



Shriram group approach to navigate through tight liquidity conditions has been to leverage its diverse funding sources along with rationing capital towards deployment in most profitable product segments

Current capital adequacy ratio is 20.8% with INR 1,073 Cr in liquid assets

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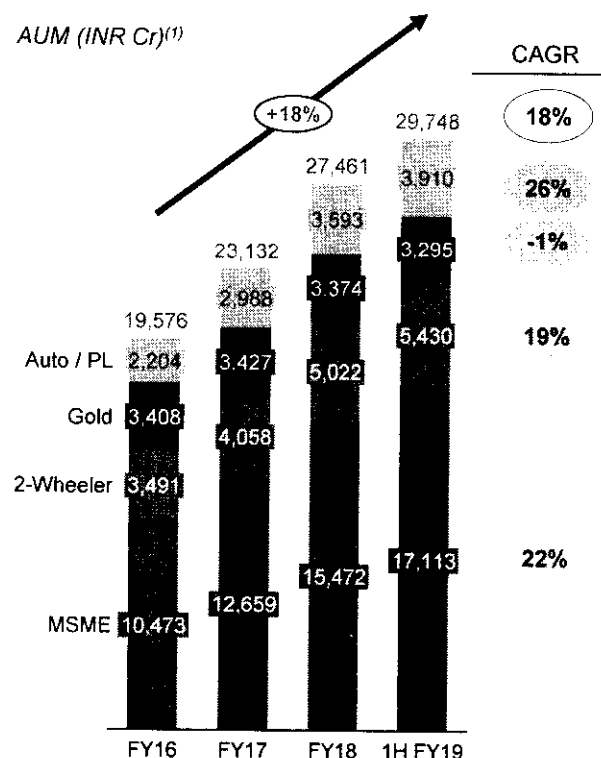
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Robust growth and continued business diversification

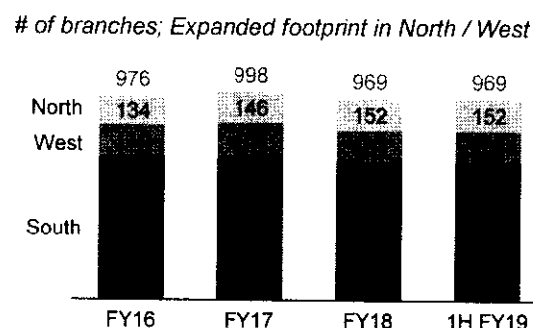
Robust business growth & diversification

Strong AUM growth across core products

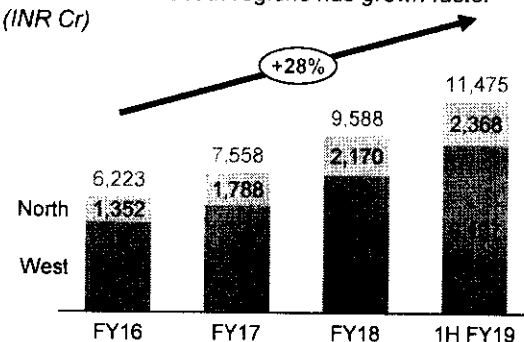


Differentiated credit & collections capabilities

Expanding footprint outside traditional core regions



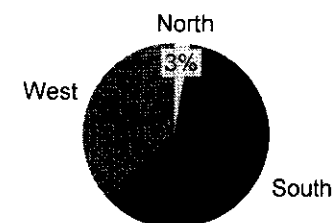
AUM from Non-South regions has grown faster (INR Cr)



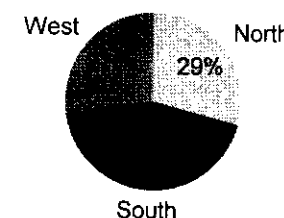
Pricing Power in Core Segments

Diversified exposure across each of the core products

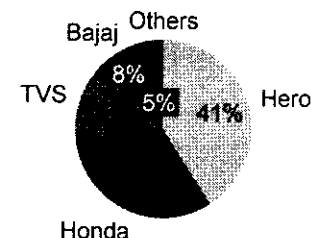
MSME AUM by region



2-W AUM by region



2-W Disbursals by OEM



Diversified business mix across products and geographies

Strong credit appraisal and collections capabilities in core segments

Robust business growth & diversification

Differentiated credit & collections capabilities

Pricing Power in Core Segments

Leverage strong local knowledge and relationships



Business driven by own field force with appropriate incentives



Prudent credit control norms



Strong collections practices

- ✓ Leverage customer know-how from group businesses
- ✓ Deep on-ground local presence
- ✓ Proprietary internal scorecards for traditional and new geographies

- ✓ Own team of feet-on-street for origination, evaluation and collection
- ✓ Field-force incentives linked to portfolio quality

- ✓ Internal models for customer and collateral valuation
- ✓ Appropriate security / guarantees built-in
- ✓ Prudent controls with independent verification of customer by separate teams

- ✓ Collection efficiency north of 97%

Differentiated business model built on extensive experience, deep local presence, knowledge & relationships, along with prudent credit and collections processes

Continued to evolve credit practices to grow beyond traditional areas

Robust business growth & diversification

Differentiated credit & collections capabilities

Pricing Power in Core Segments

MSME Finance

Traditional model
("Chit based")

- Lending basis local relationships and chit customer database in traditional geographies

Current model
("Hybrid")

- Leverage chit-based model in traditional geographies
- Successfully piloted and deployed rule-based underwriting
- Sales force incentives linked to portfolio quality

2-W Finance

Key enablers

- Deep distribution reach with feet-on-street model; Incentives linked to asset quality
- Excellent relationships with dealers and OEMs
- Rules based credit underwriting
- Quick turnaround times given de-centralized decision making

Personal Loans

Cross-sell based business model

- Rules based PL sanction and underwriting, basis customer historical track record (for 2-W customers)
- Significant potential to cross-sell to ~2m 2-W customers

Continued prudent evolution in business model to drive profitable growth

Strong pricing power in core business segments

Robust business growth & diversification

Differentiated credit & collections capabilities

Pricing Power in Core Segments

MSME Finance
(58% of AUM)

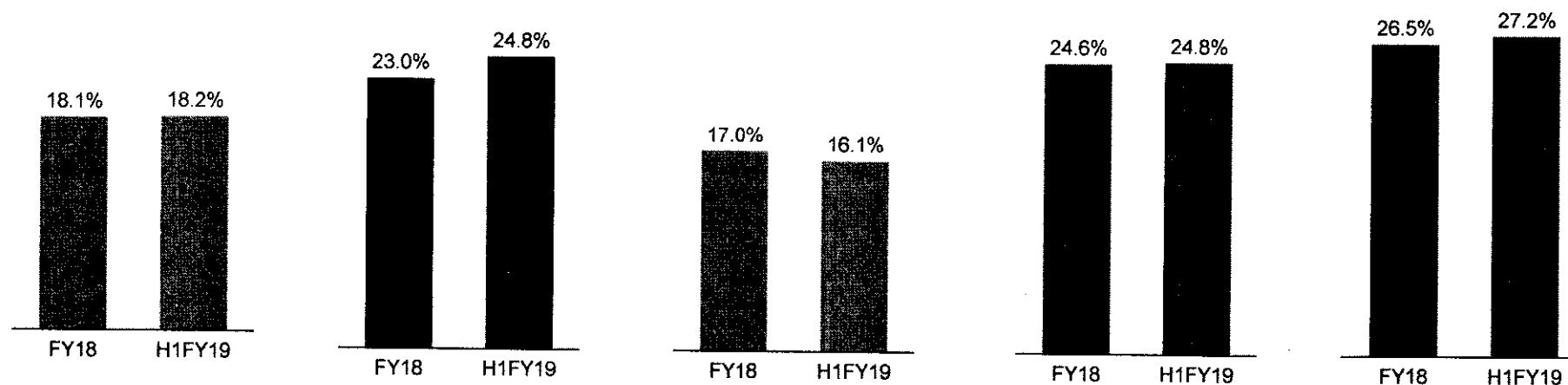
2-W Finance
(18% of AUM)

Gold Loans
(11% of AUM)

Personal Loans
(8% of AUM)

Auto Loans
(5% of AUM)

Average yield for the product by period (% p.a.)



Differentiated underwriting capabilities and deep footprint provides pricing power

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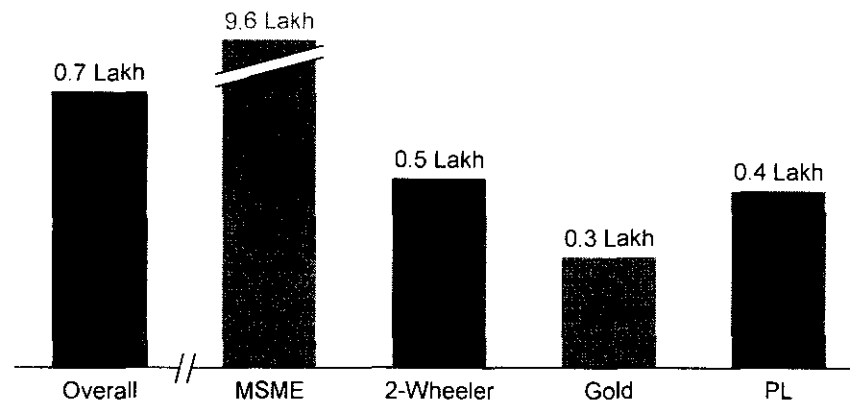
4 Healthy capitalization and balance sheet with adequate liquidity

5 Recent performance update

Granular short term asset base

Loan book is granular with average loan size of INR 74k

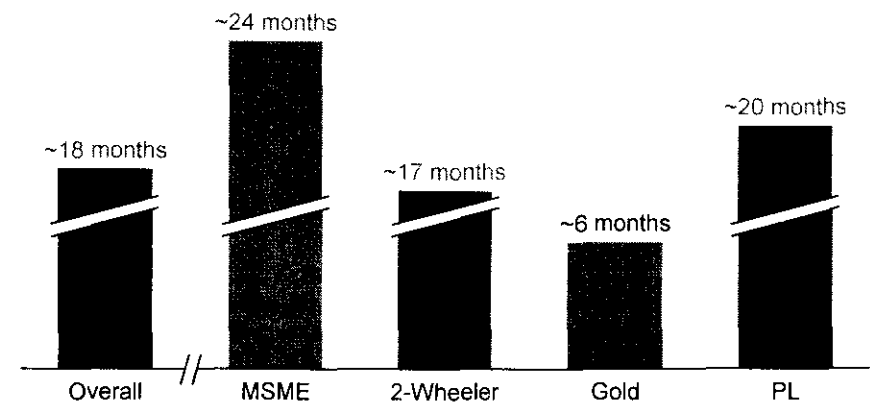
Average ticket size for loans disbursed in H1FY19 (INR L)



Top 100 loans are 4.6% of AUM

Loan book tenor of ~18 months

Average loan tenor (months)

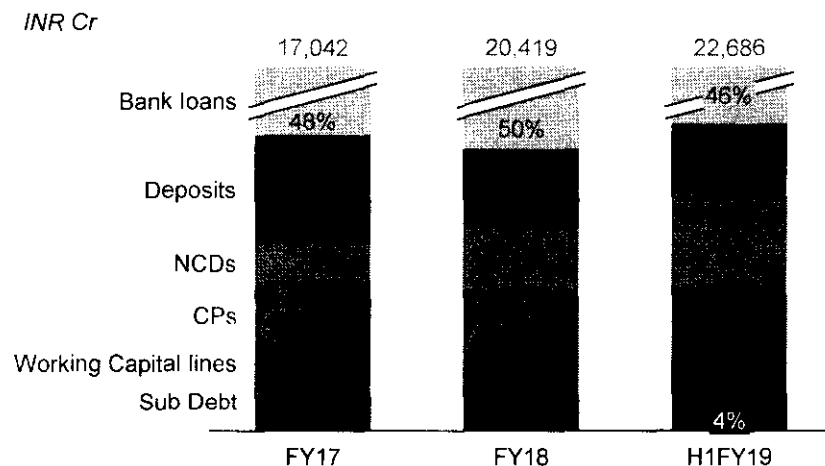


Monthly inflows from assets are ~INR 1,500-1,700 Cr⁽¹⁾

Strong balance sheet given granular loan book with reasonably short maturity, enable us to nimbly manage margins in a rising rate environment and navigate through periods of liquidity tightness

Well diversified borrowing mix with a strong retail liabilities franchise

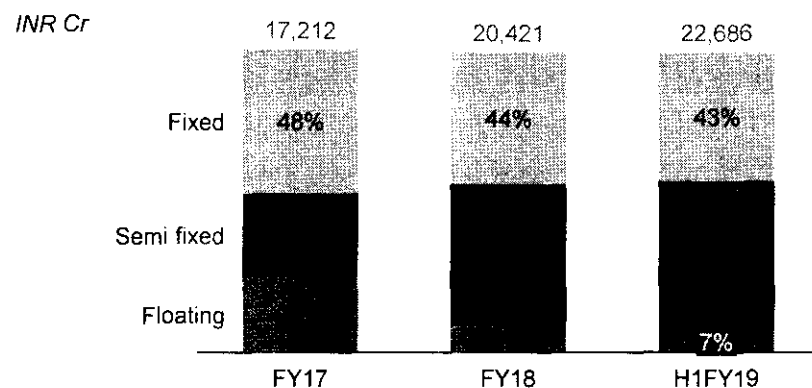
Borrowing Mix by Instrument



Comments

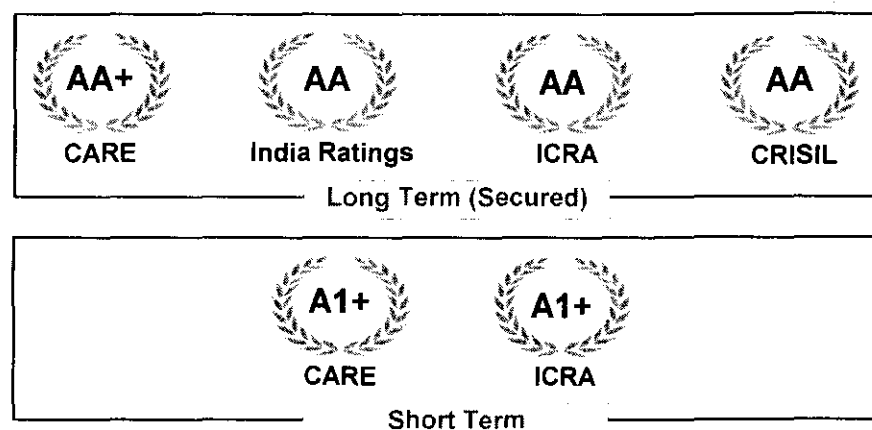
- ✓ Strong retail liabilities franchise with INR 3,318 Cr (15% of borrowings) raised from retail investors
- ✓ Granular borrowing mix; Largest institution is ~5% of total borrowings base
- ✓ Total unutilized bank lines of INR 1,260 Cr, of which only INR 50 Cr are from PCA banks

Borrowing Mix by Interest Rate Mix



Credit Rating

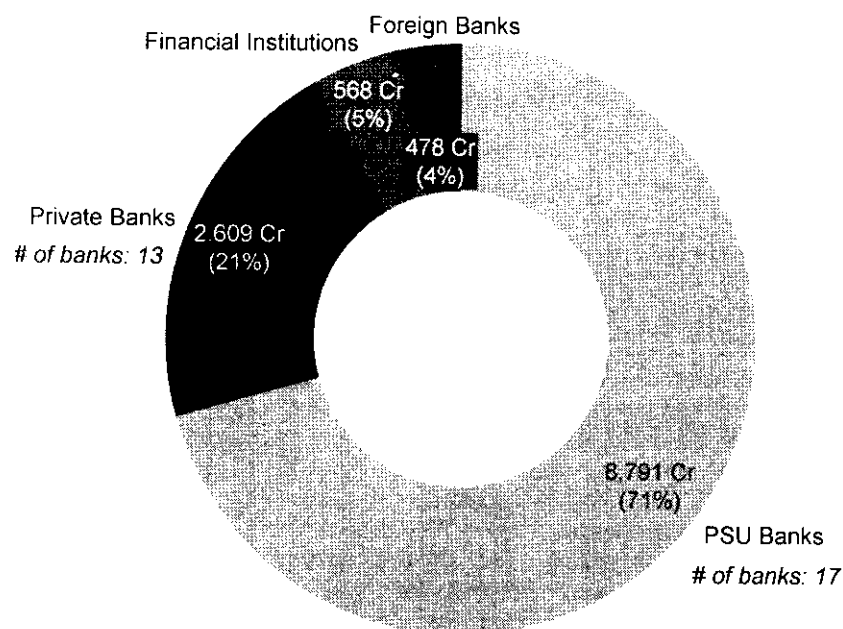
Upgraded by CRISIL
from AA- in Jul-18



Diversified banking relationships

Relationships with multiple public, private and foreign banks

Breakup of bank borrowings⁽¹⁾ as of Sep-18



**INR 12,446 Cr of outstanding bank borrowings⁽¹⁾
across 36 banks & financial institutions**

**Bank borrowings constitute 55% of total borrowings
as of 30-Sep-18**

Diversified banking relationships; Top 10 banks are only 34% of total borrowings

Top 10 bank borrowings outstanding⁽¹⁾ as of Sep-18

Bank	Borrowing O/S (INR Cr; 30-Sep-18)	% of Total Borrowings
Indian Bank	1,211 Cr	5%
Bank of India	984 Cr	4%
State Bank of India	971 Cr	4%
Syndicate Bank	921 Cr	4%
Union Bank of India	804 Cr	4%
Bank of Baroda	800 Cr	4%
HDFC Bank	515 Cr	2%
IndusInd Bank	500 Cr	2%
Indian Overseas Bank	499 Cr	2%
Dena Bank	476 Cr	2%
Total (Top 10)	INR 7,680 Cr	34%

Strong liquidity position with surplus ALM to drive near term growth

INR Cr, as of Sep-18

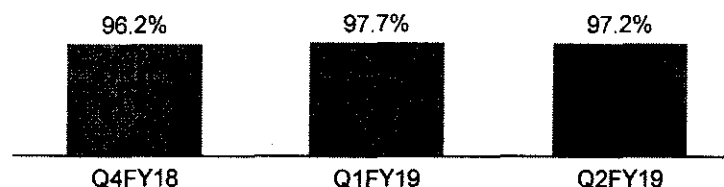
ALM at 100% collection efficiency

Particulars	Upto 1 month	1-2 months	2-3 months	3-6 months	6 months - 1 year	1-3 years	3-5 years	5+ years	Total
Liquidity Back Up	1,073								1,073
Inflows from Assets	1,681	1,239	1,256	3,860	6,805	8,790	2,424	1,526	27,581
Scheduled Outflows (Borrowings)	1,200	965	1,530	2,445	5,842	9,523	1,483	-	22,989
Mismatch	1,554	274	(274)	1,415	963	(733)	941	1,526	5,665
Cumulative Mismatch	1,554	1,828	1,553	2,968	3,931	3,198	4,139	5,665	

ALM at 90% collection efficiency

Particulars	Upto 1 month	1-2 months	2-3 months	3-6 months	6 months - 1 year	1-3 years	3-5 years	5+ years	Total
Liquidity Back Up	1,073								1,073
Inflows from Assets	1,513	1,115	1,130	3,474	6,125	7,911	2,182	1,374	24,823
Scheduled Outflows (Borrowings)	1,200	965	1,530	2,445	5,842	9,523	1,483	-	22,989
Mismatch	1,386	150	(400)	1,029	282	(1,612)	698	1,374	2,907
Cumulative Mismatch	1,386	1,536	1,136	2,165	2,447	835	1,533	2,907	

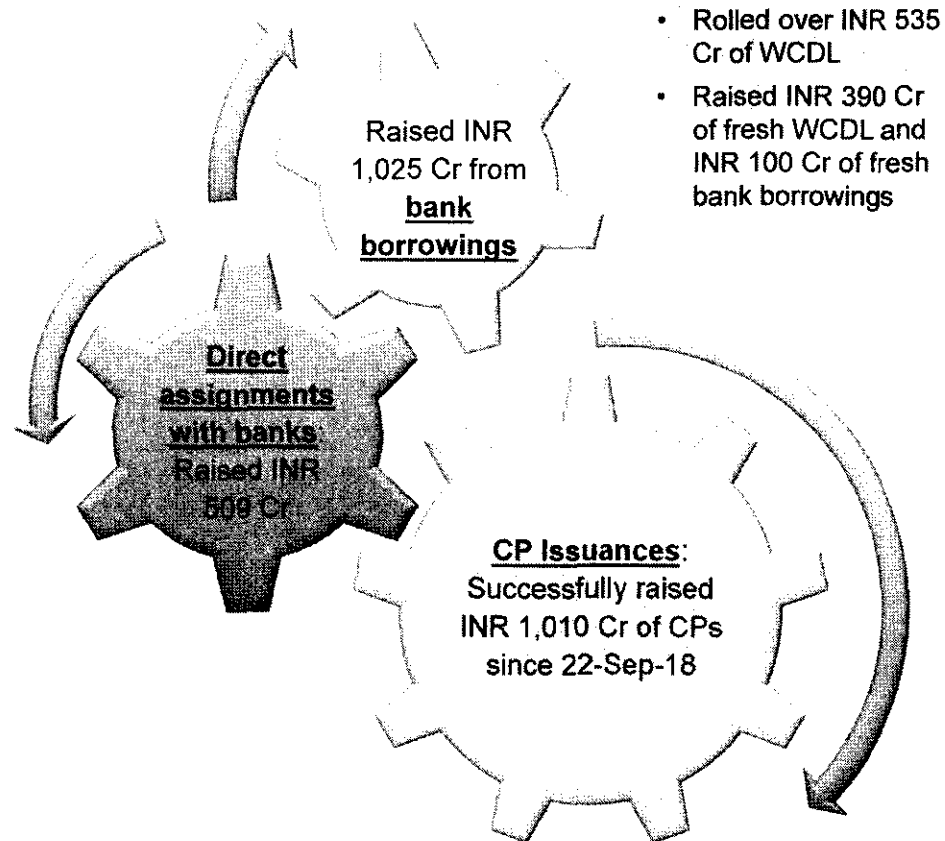
Robust collection efficiency



INR 1,136 -1,553 Cr of surplus assets over Sep-Dec'18, to drive business growth, without taking into account access to any incremental borrowings post 30-Sep-18

Successfully raised INR 2,500 Cr+ from multiple sources since 22-Sep-18

Funds mobilized through various instruments between 22-Sep-18 and 15-Nov-18



- Rolled over INR 535 Cr of WCDL
- Raised INR 390 Cr of fresh WCDL and INR 100 Cr of fresh bank borrowings

Growth Capital Available (INR Cr)

Net surplus est. b/w Sep-18 and Dec-18 (Including liquid assets of INR 1,073 Cr)	1,136 - 1,553
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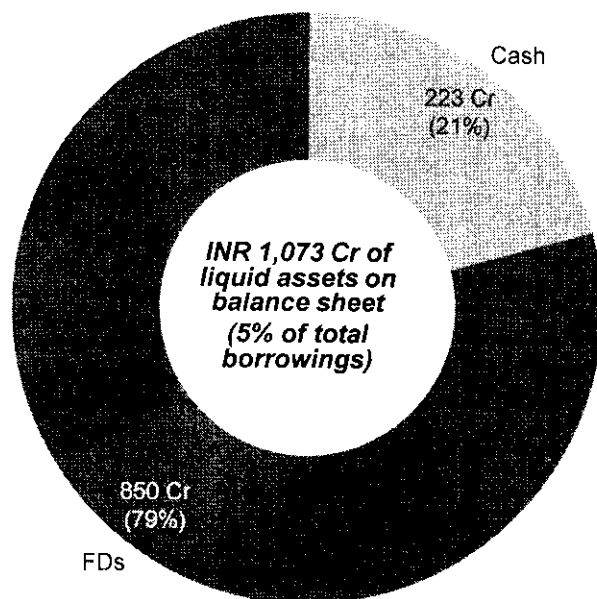
Additional funds mobilized since 30-Sep-18 till 15-Nov-18	2,252
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Capital available for growth (assuming no incremental borrowings from today)	3,388 - 3,805
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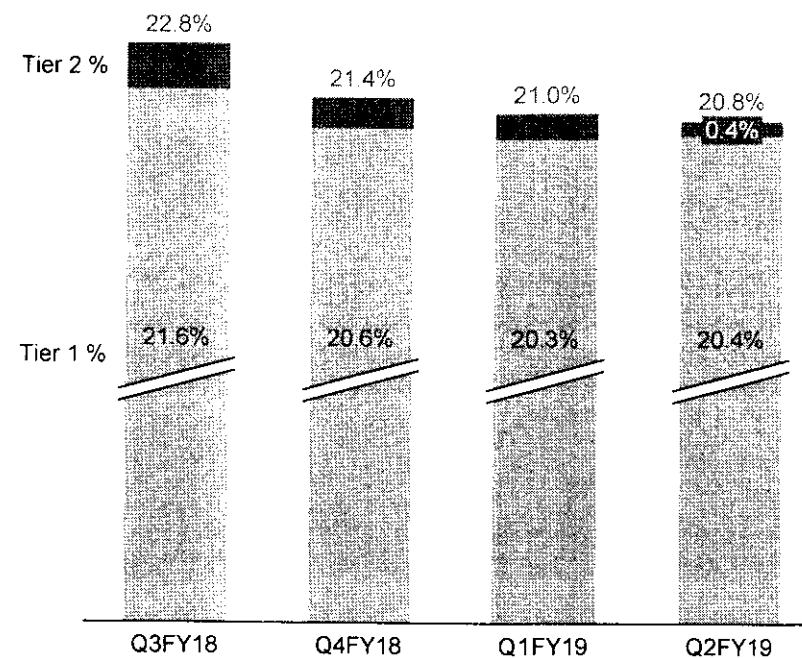
Balance sheet has adequate liquid assets and is well capitalized

Liquid assets of INR 1,073 Cr on balance sheet

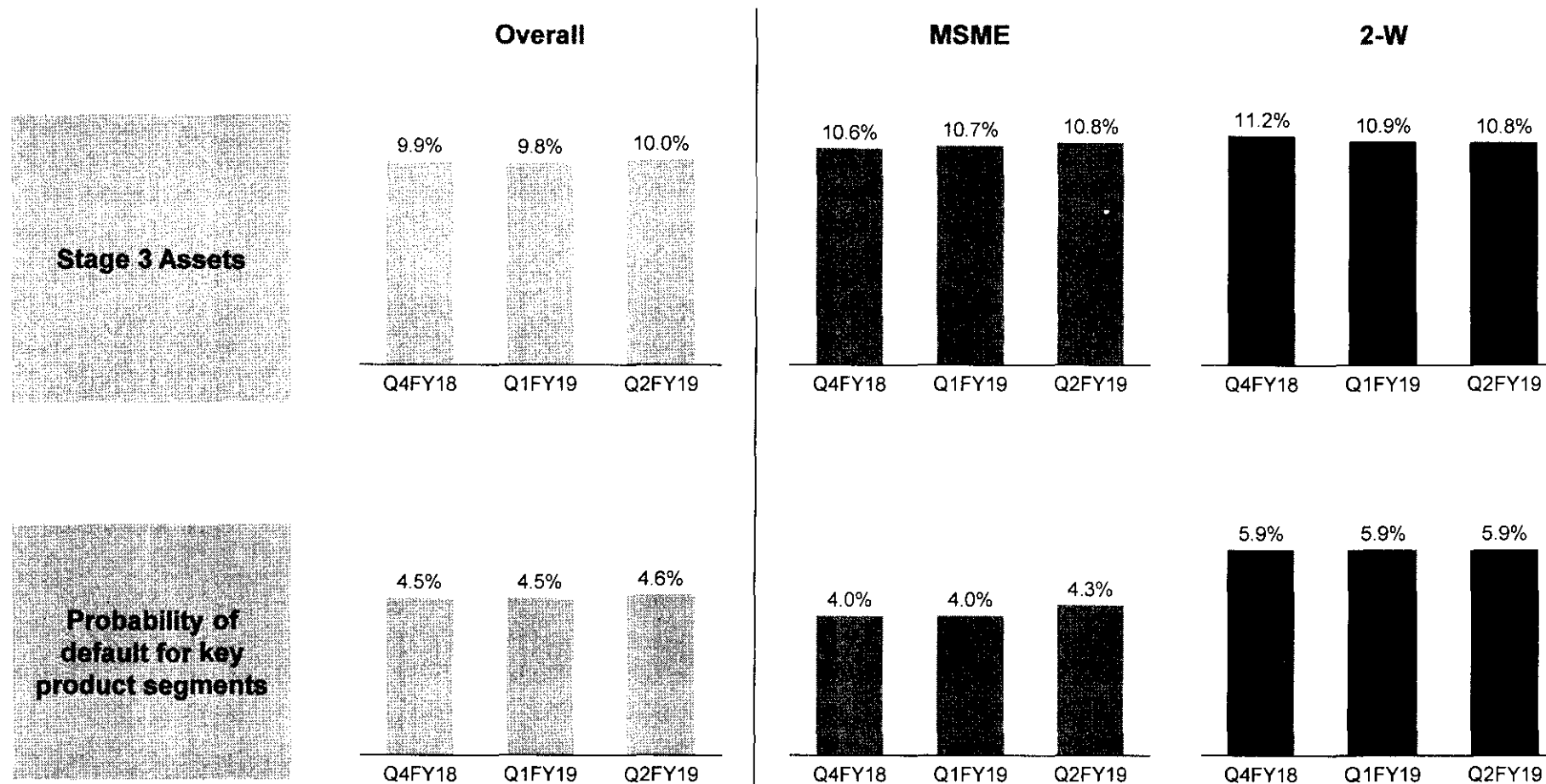
As of Sep-18



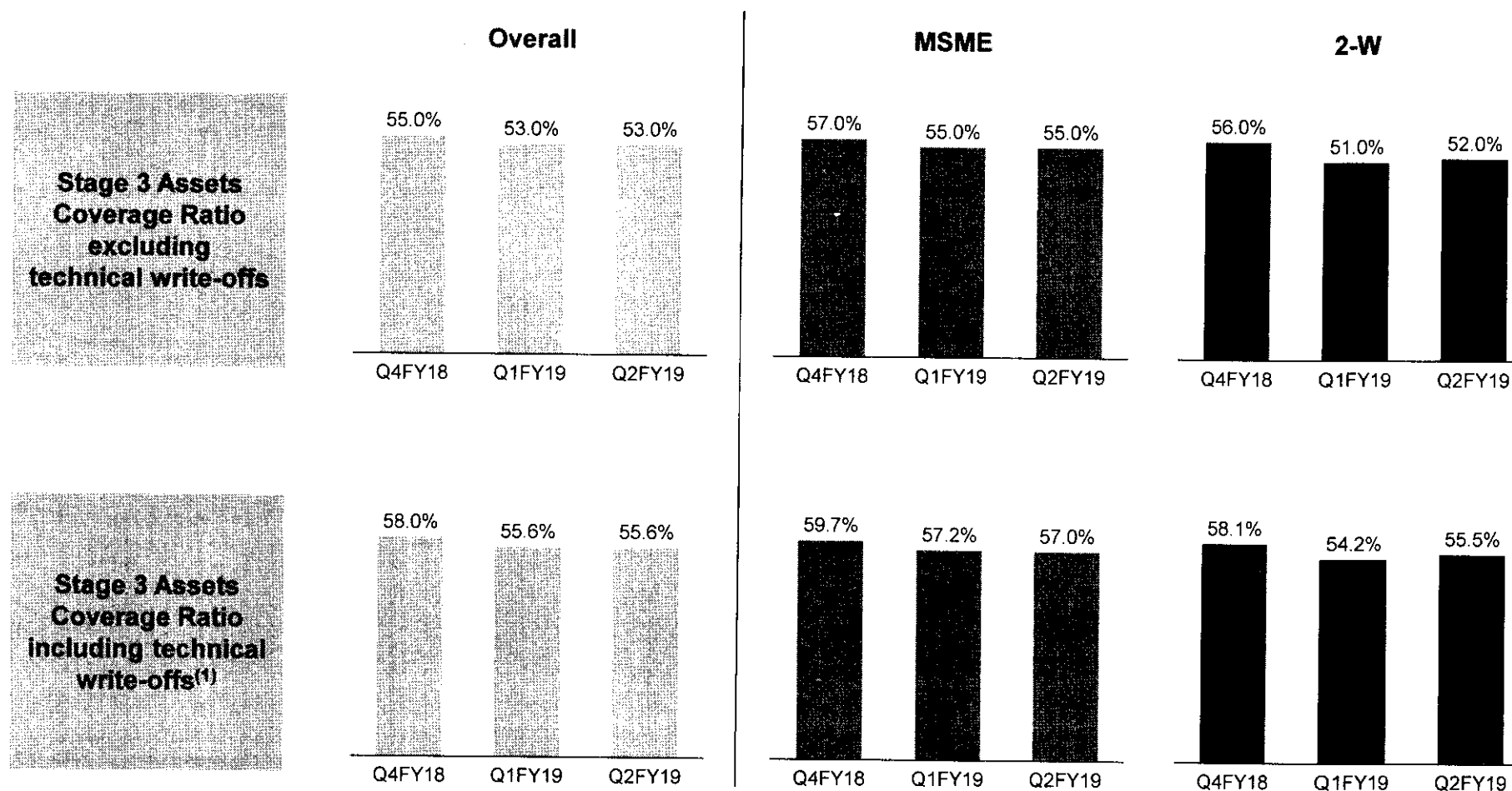
Adequately capitalized with >20% Tier-1



Asset quality stable across product segments



Adequate and stable coverage on stressed assets



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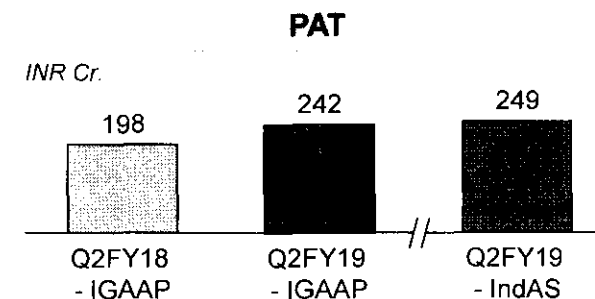
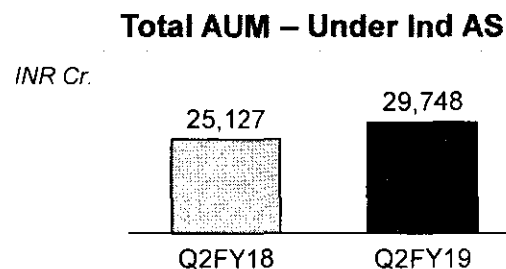
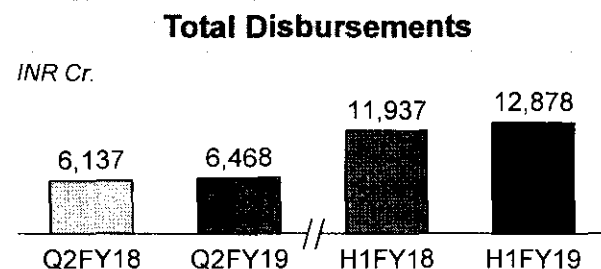
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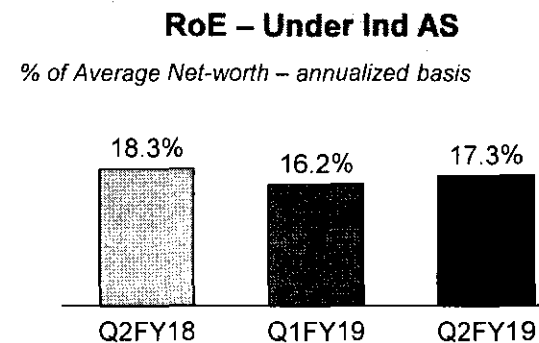
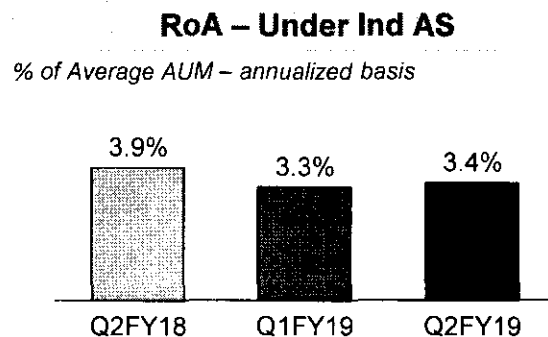
Performance Highlights for 2QFY19

Key Financial Metrics



Ex-gold disbursement growth was 16% YoY

Ex-gold AUM growth was 23% YoY



Financial Highlights

Standalone Income Statement under Ind-AS and I-GAAP

INR Cr

	Basis I-GAAP						Basis Ind-AS	
	FY15	FY16	FY17	FY18	1HFY18	1HFY19	1HFY18	1HFY19
Standalone Income Statement								
Interest Income	3,482	3,835	4,432	5,083	2,502	2,887	2,523	2,915
Interest Expense	1,327	1,383	1,534	1,668	814	961	819	959
Net Interest Income	2,155	2,451	2,897	3,416	1,688	1,926	1,704	1,956
Other Income	49	21	3	18	2	3	0	1
Total Income	2,204	2,473	2,900	3,434	1,690	1,928	1,704	1,957
Employee Opex	412	513	550	704	326	421	328	416
Other Opex	498	536	586	659	325	347	341	348
PPOP	1,295	1,423	1,764	2,071	1,039	1,161	1,036	1,193
Credit Costs	454	616	911	1,054	437	462	369	466
PBT	841	807	854	1,018	602	699	667	727
Taxes	283	277	298	353	210	242	232	248
PAT	558	530	556	665	392	457	435	479

Financial Highlights

Standalone Balance Sheet

INR Cr	FY18	1HFY18	1HFY19
Standalone balance sheet			
Share Capital	66	66	66
Reserves	5,500	5,274	5,862
Total shareholders funds	5,566	5,340	5,928
Long term borrowings	11,591	10,583	11,006
Other long term liabilities	328	370	305
Long term provisions	1,582	1,303	1,722
Non-Current Liabilities	13,500	12,256	13,033
Short term borrowings	4,639	4,130	5,375
Trade payables	7	4	4
Other current liabilities	5,188	4,396	7,309
Short term provisions	68	67	74
Current liabilities	9,902	8,597	12,762
Total liabilities and equity	28,968	26,193	31,722
Fixed assets	79	77	81
Non-current investments	467	477	467
Deferred tax assets (net)	72	56	82
Long term loans & advances	13,366	11,111	14,466
Other non-current assets	51	24	27
Non-current assets	14,037	11,745	15,123
Current investments	261	235	261
Cash & bank balances	532	509	1,387
Short term loans and advances	14,121	13,670	14,920
Other current assets	19	35	31
Current assets	14,932	14,448	16,599
Total Assets	28,968	26,193	31,722

Financial Highlights

Key Ratios for Standalone Business

% of average AUM	Basis I-GAAP						Basis Ind-AS	
	FY15	FY16	FY17	FY18	1HFY18	1HFY19	1HFY18	1HFY19
RoA tree basis IndAS								
Interest Income	22.2%	21.1%	20.8%	20.1%	20.8%	20.3%	20.8%	20.3%
Interest Expense	8.5%	7.6%	7.2%	6.6%	6.8%	6.8%	6.8%	6.7%
Net Interest Income	13.7%	13.5%	13.6%	13.5%	14.1%	13.5%	14.1%	13.6%
Other Income	0.3%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Income	14.0%	13.6%	13.6%	13.6%	14.1%	13.5%	14.1%	13.6%
Employee Opex	2.6%	2.8%	2.6%	2.8%	2.7%	3.0%	2.7%	2.9%
Other Opex	3.2%	3.0%	2.7%	2.6%	2.7%	2.4%	2.8%	2.4%
PPOP	8.3%	7.8%	8.3%	8.2%	8.7%	8.2%	8.6%	8.3%
Credit Costs	2.9%	3.4%	4.3%	4.2%	3.6%	3.2%	3.0%	3.2%
PBT	5.4%	4.4%	4.0%	4.0%	5.0%	4.9%	5.5%	5.1%
Taxes	1.8%	1.5%	1.4%	1.4%	1.7%	1.7%	1.9%	1.7%
PAT	3.6%	2.9%	2.6%	2.6%	3.3%	3.2%	3.6%	3.3%
Other key ratios								
Tier 1 Ratio	24.6%	23.4%	22.2%	20.6%	21.9%	20.4%	21.9%	20.4%
Capital adequacy ratio	28.8%	26.1%	23.9%	21.4%	23.2%	20.8%	23.2%	20.8%
Total leverage (D/E)	3.0x	3.2x	3.4x	3.7x	3.4x	3.8x		
AUM (INR Cr)	16,717	19,576	23,132	27,461	24,898	29,472	25,127	29,748
Disbursement (INR Cr)	17,202	18,649	22,356	24,922	11,937	12,878	11,937	12,878
# of employees	25,085	25,472	26,783	28,665	27,815	27,748	27,815	27,748
# of branches	969	976	998	969	982	969	982	969
AUM / employee (INR Cr)	0.7	0.8	0.9	1.0	0.9	1.1	0.9	1.1
Disbursal / employee (INR Cr)	0.7	0.7	0.8	0.9	0.9	0.9	0.9	0.9
Disbursal / branch (INR Cr)	17.8	19.1	22.4	25.7	24.3	26.6	24.3	26.6

Shriram Housing: 1H FY19 Update

Financial Highlights

Particulars (INR in Crores)	As per IndAS		As per IGAAP		YoY Growth	
	Q2FY18	Q2FY19	Q2FY18	Q2FY19	IndAS	IGAAP
AUM	1,616	1,940	1,611	1,927	20%	20%
Disbursements	121	249	121	249	106%	106%
Interest Income ⁽¹⁾	49	48	50	48	-4%	-4%
Yield on Assets	15.4%	15.5%	15.9%	15.3%		
Interest Expense	28	31	28	32	12%	12%
NIM	8.8%	8.9%	9.1%	8.7%		
Opex	24	31	23	30	32%	31%
Cost to Income Ratio	36.1%	41.7%	61.1%	71.9%		
ROA	1.3%	1.4%	1.6%	1.1%		
ROE	5.8%	6.5%	6.9%	5.1%		
Leverage	3.0x	3.6x	2.8x	3.6x		
Capital Adequacy Ratio	35.0%	31.0%	35.0%	31.0%		
Gross NPA	5.5%	6.4%	4.9%	5.4%		
Net NPA	3.4%	4.6%	3.4%	3.8%		
Net worth	413	455	427	449		

... To Summarize

- Successfully navigated through multiple tight liquidity and rising rate situations in the past 30+ years
- Loan book is granular and short tenor, resulting in INR 1,500-1,700 Cr of monthly inflows from assets⁽¹⁾
 - Average ticket size of ~INR 74k; Top 100 loans are <5% of total AUM
 - Overall loan book tenor of ~18 months
- Well-diversified liabilities franchise, with access to retail liabilities
 - Balanced liabilities mix with CPs at 13% of total borrowings
 - Retail liabilities are 15% of total borrowings
 - No large institutional borrowings – largest exposure is 5% of total borrowings
 - Received credit rating upgrade from CRISIL in QE Sep-18
- Comfortable near term liquidity position
 - Have raised >INR 2,500 Cr through borrowings / assignments in the current environment, since 22-Sep-18
 - Have capital of INR 34-38 b⁽²⁾ available to drive growth (~50-60% of Q2FY19 disbursals) in the current quarter, without any incremental borrowings or drawdown from unutilized bank lines (INR 1,260 Cr)