



SEC/FILING/BSE-NSE/21-22/68A-B

December 13, 2021

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 511218

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor,
Plot no. C/1, G- Block,
Bandra-Kurla Complex,
Mumbai – 400 051.
NSE Symbol: SRTRANSFIN

Dear Sirs,

Sub.: Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Investor Presentation with regard to Composite Scheme of Arrangement and Amalgamation

In continuation to our letters dated December 13, 2021 regarding the outcome of the Board Meeting and Press Release, we are enclosing herewith the Investor presentation of the Company with regard to Composite Scheme of Arrangement and Amalgamation.

The same is also being uploaded on the website of the Company- www.stfc.in.

Thanking you.

Yours faithfully,

For SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

VIVEK ACHWAL
COMPANY SECRETARY

Encl.a/a

Shriram Transport Finance Company Limited

Corporate Office: Wockhardt Towers, Level – 3, West Wing, C-2, G-Block, Bandra – Kuria Complex, Bandra (East), Mumbai – 400 051. Tel: +91 22 4095 9595 | Fax: +91 22 4095 9597.

Registered Office: 14A, South Phase, Industrial Estate, Guindy, Chennai – 600 032, Tamil Nadu, India. Tel: +91 44 2499 0356 | Fax: +91 44 2499 3272.

Website: www.stfc.in | Corporate Identity Number (CIN) – L65191TN1979PLC007874



13th December 2021

Investor Presentation

Agenda

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Core Objectives

- A** Attain **Leadership position** in NBFC space with an **INR 1.5 tn AUM** and the merged entity becomes the **largest retail finance NBFC** in the country
- B** **Superior Customer Acquisition, Engagement & Retention** in each of our business as competition increases for unbanked/underserved Customer segment
- C** **Simplified structure** creating focused businesses of scale across – **Credit, Life Insurance and Non-Life Insurance**
- D** **Renewed Growth focus** optimizing **centralized customer database** for lending combined with **SuperApp initiatives**
- E** **Counter cyclical & complementary** nature of products to help manage risks better **Improved profitability** for our stakeholders with improved risk-return profile
- F** Leveraging **Depth of leadership** across entities

**Shriram
Finance
Limited***

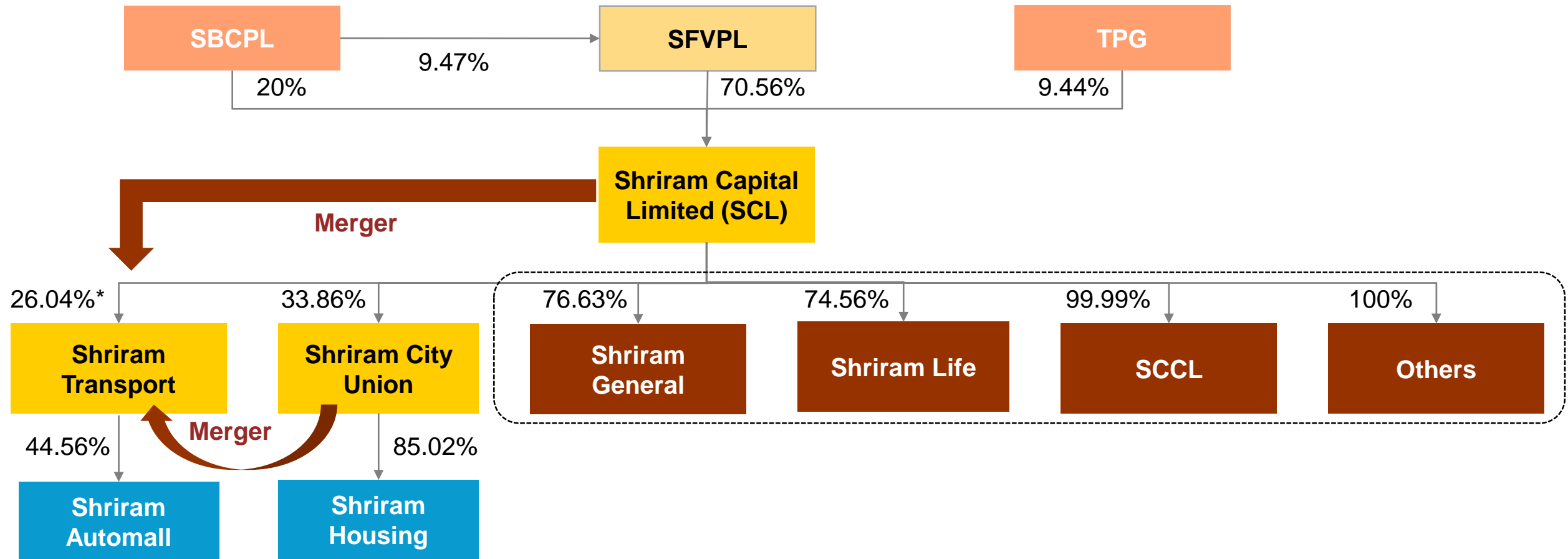
Your partner in prosperity

Vision

***To be the country's most preferred Financial Services Destination,
delivering delightful customer experience through empowered employees***

Transaction Structure

Existing Structure as at 13th December 2021



Entities will be held outside listed company by way of Demerger

SBCPL - Shrilekha Business Consultancy P Ltd
 SFVPL – Shriram Financial Ventures (Chennai) P Ltd
 SCCL – Shriram Credit Co. Ltd
 SOT – Shriram Ownership Trust
 Shriram General – Shriram General Insurance Co. Ltd.
 Shriram Life – Shriram Life Insurance Co. Ltd.

Transaction Details

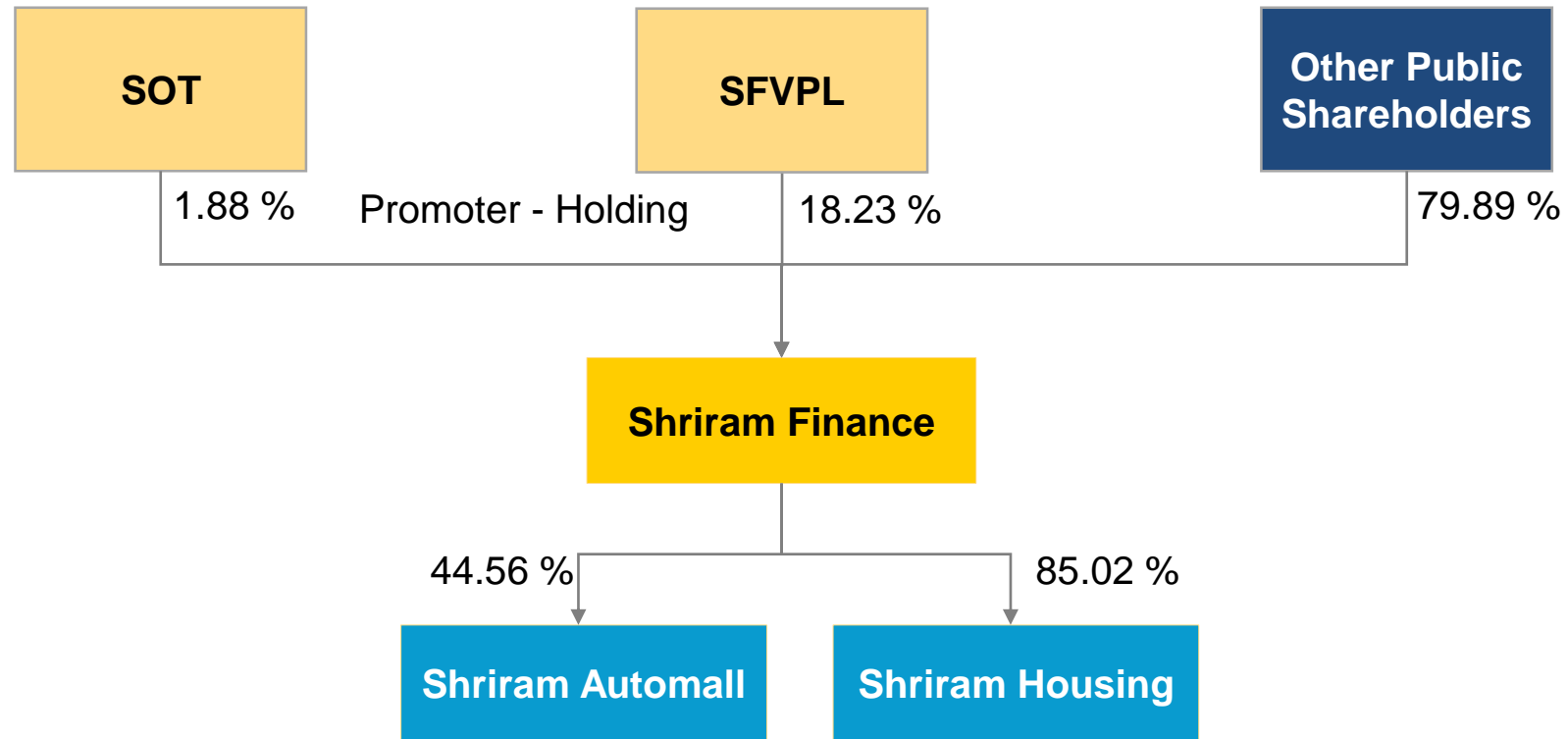
Resultant Structure

- SCL & Shriram City Union will merge into Shriram Transport and the merged entity will be called 'Shriram Finance Limited'
- Shriram Housing Finance will become a subsidiary of Shriram Finance with 85.02% holding
- Shriram Finance will continue to hold 44.56% in Shriram Automall India Ltd post proposed merger
- All other business including Insurance will be held separately outside the listed entity

Swap Ratio

- Shareholders of Shriram City Union to receive 1.55 shares of Shriram Transport for every 1 share
- Shareholders of SCL to receive 0.09783305 shares of Shriram Transport for every 1 share
 - This translates into SCL shareholders getting 1 share of Shriram Transport for every 1 share held by SCL in Shriram Transport
 - SCL shareholders will get 1.55 Shriram Transport shares for every 1 share of Shriram City Union held by SCL

Resultant Structure



Merger Rationale and Operational Synergies

(1 of 2)

Leadership Position



- Attaining leadership position in the NBFC space and being the largest retail financing NBFC in India
- Combined loan assets ~INR 1.5 tn
- Enable better leverage resources like distribution network and client base

Unified Platform



- **One-stop-shop** - address **all credit needs** of TAM under **one umbrella**
- Enabling a combined customer base to access financial facilities of a broad spectrum (loans, Life & General Insurance, AMC, broking etc)
- Add services to **comprehensive product suite** with **Shriram OneApp** which will enable to service customers more holistically
- Efficiencies arising from shared infra, resource optimization & liabilities (efficiencies in CoF & Rating)

Leveraging decades of domain expertise & Experience



- Group has built **massive domain knowledge** and **bespoke understanding of the credit behavior** of TAM across geography, products & cycle
- **Combined database** will enable **target NTC/ underbanked customers** effectively
- **Utilize data** fruitfully across **all lending businesses** to improve performance
- Leveraging Data & technology – Initiatives like **predictive analytics** to help service customers by **anticipating needs** and **enhancing productivities**

Merger Rationale and Operational Synergies

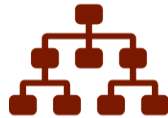
(2 of 2)

Diversification



- Diversified retail lending book with **complementary** nature of products and mitigating any **counter cyclical risk**
- Significant **scaling** in size & reach

Simplified Group Structure



- **Reorganising lending and insurance businesses** to decouple businesses with separate regulatory structure
 - The long term contractual arrangement ensures that the merged entity continues erstwhile business as usual
- Removal of **multi-layer shareholding structure**, also preferred by regulators

Experienced Senior Management




- Experienced management team with vast **lending experience**


Largest Retail Financing NBFC in India

Leading Inclusive Finance Player with Diversified Retail Product Suite and Focus on Serving the Underserved

| Sector | Vehicle | MSME | Two Wheeler | Gold | Housing | Personal Loans | Others |
|-----------------------------------|-----------------------------------|--------------------|--------------------------|-------------------|-----------------|----------------|----------------------|
| Products | CV, CE, PV, Tractors Used & New | Enterprise Finance | Two Wheeler Used & New | Loan against Gold | Home Loan & LAP | Personal Loans | W.Cap loans & Others |
| AUM (~INR Bn) as on 31st Mar 2021 | 1,130 | 150 | 80 | 40 | 40 | 20 | 50 |

Customer wallet share expansion

- 

Database of customers captures the loan products / insurance products as also the retail deposits segment of our debt portfolio. Extremely rich & vital source of information; to be analyzed and worked upon to increase customer wallet share
- 

FY 21 | **STFC** has sold over **1.2 mn General and Life Insurance policies** to its customers and **SCUF** has sold **1.7 mn policies**

No. of STFC/SCUF customers who have taken other products from the Shriram Ecosystem

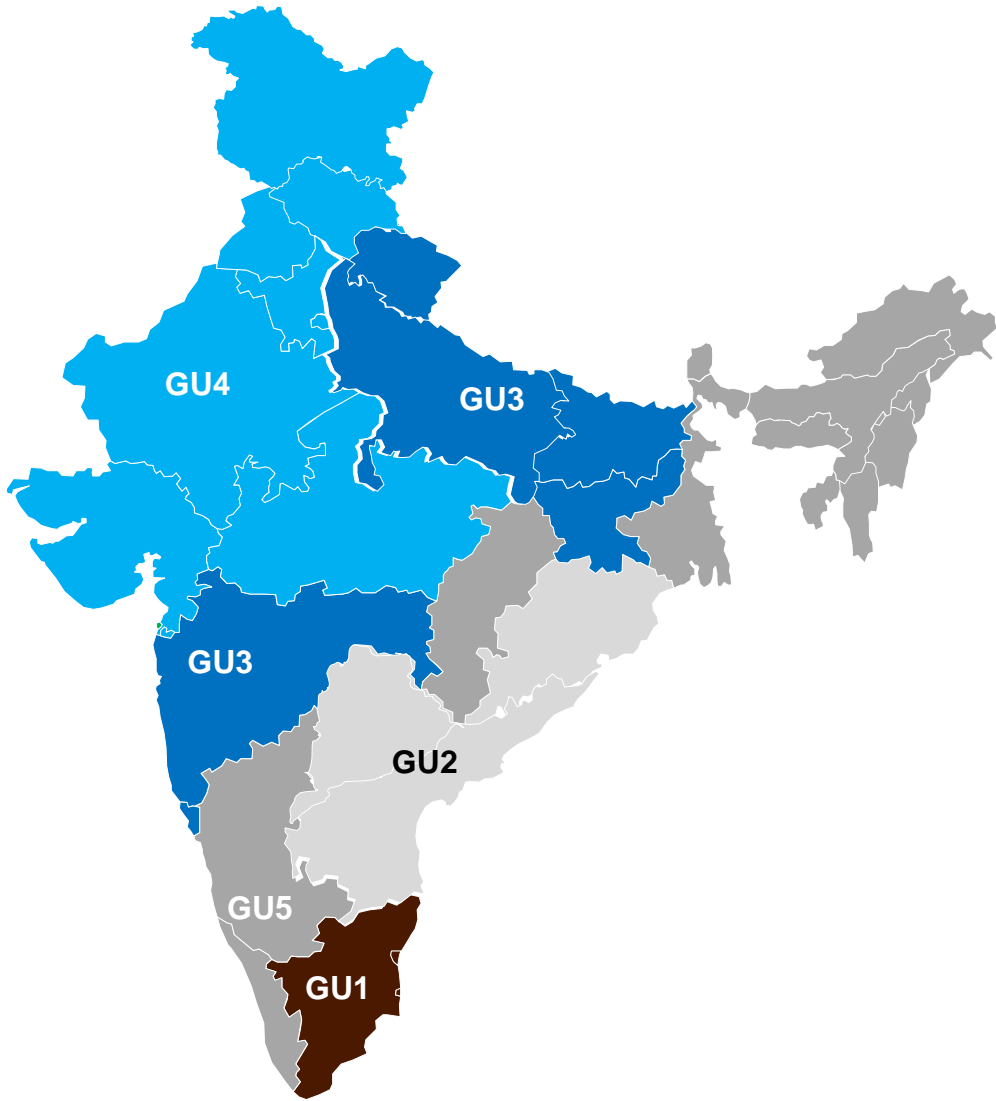
STFC
7 / 10

SCUF
5 / 10

Aims to get at least 2 Products Per Customer by FY24

Creating Large and Complementary Network...

6.4 million+ active customers with minimal overlap allowing cross-sell opportunities



Branches*

1825
STFC

971
SCUF

| | | Branches | | |
|---------------------------|---------------------------------|--------------|------------|--------------|
| | | STFC | SCUF | Total |
| GU1 | TN and Pondicherry | 415 | 258 | 673 |
| GU2 | TS, AP, OD | 222 | 316 | 538 |
| GU3 | MH, GA, UP, BR and JH | 386 | 172 | 558 |
| GU4 | GJ, MP, RJ, DL, PB, HR, HP, J&K | 412 | 122 | 534 |
| GU5 | KA, KL, CG, WB, North-East** | 390 | 103 | 493 |
| Pan-India Presence | | 1,825 | 971 | 2,796 |

** Arunachal Pradesh, Nagaland and Mizoram have no branches at present

* Additionally there 809 Rural Centers of STFC
 Data as of 30th September 2021

...Coupled with a Strong Digital Presence Driving Digital Adoption

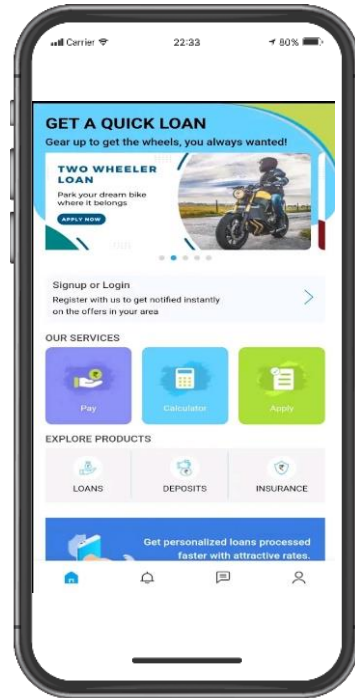
Touching 2 lives every second through Mobile / Web

MyShriram



1+ mn
Downloads

Shriram City



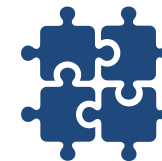
1+ mn
Downloads

~480K

Digital transactions per month on Mobile and Web platforms

INR ~100 bn

Collections through Mobile app for both STFC & SCUF



One data residence with centralized data management



Our tech stack is in place for operations to flow smoothly once merger is effective – Our systems are capable to offer all products / services of combined entity to our customers across ~2,800 branches seamlessly

Transformative Integration

Customer Segments & Cultural Alignment in place

- Both entities have a similar work culture which will enable seamless HR integration
- Unified leadership will ensure working towards common vision
- Focus on common TAM - Unbanked & Under-banked across Rural & Semi-Urban Segments



Unified Tech Platform

- Currently both the organizations have a similar tech platform managed in-house
- The customer/loan data could be available at all branches seamlessly

Branch Integration

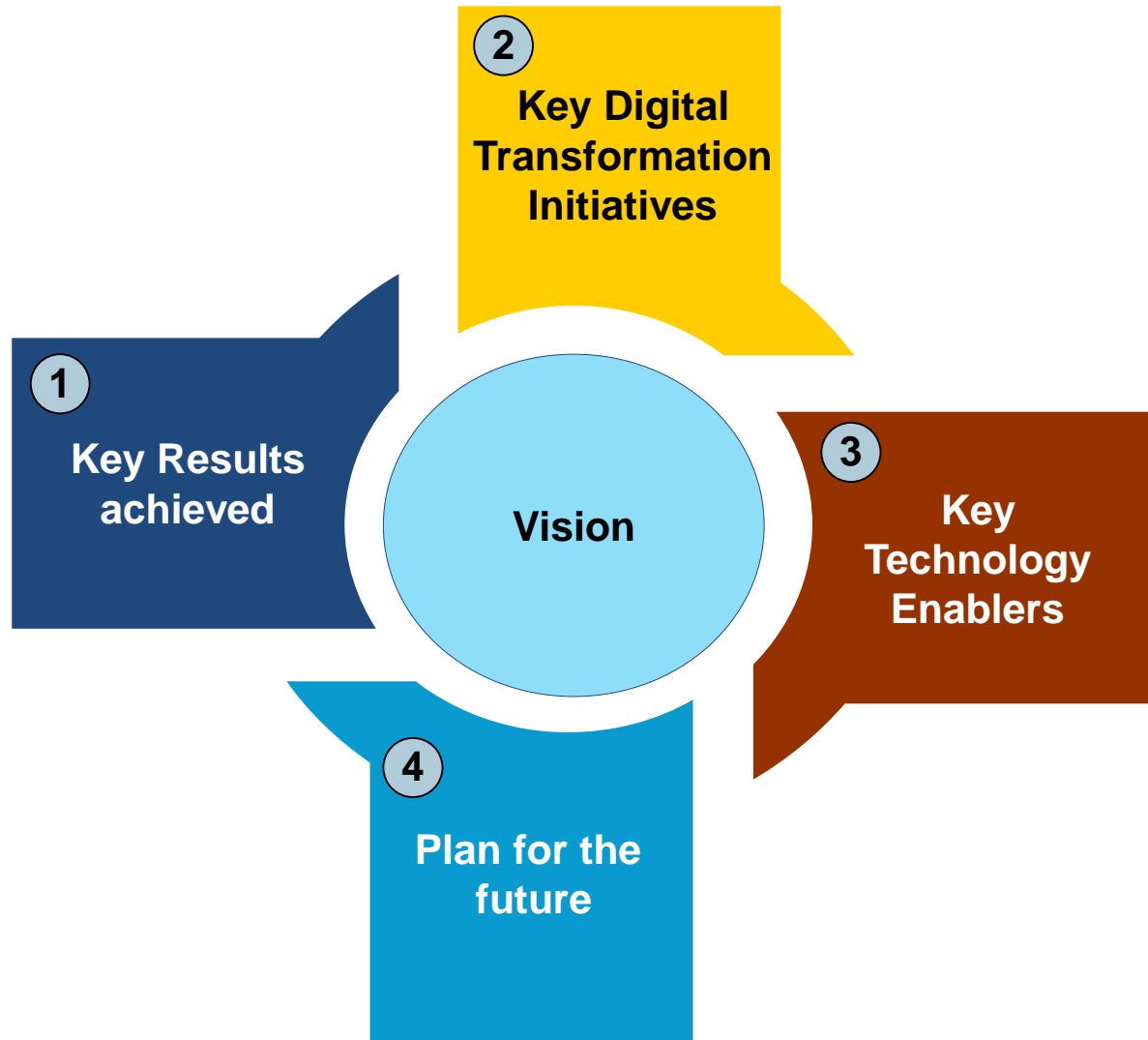
- Integration is a priority along with ensuring customer servicing levels
- Products like Gold Loan will take additional infrastructure support at the branches
- In 6 – 12 months our products will be available in most of the branches (post economic viability assessment)

Streamlining offerings


- Actively pursue customer base of both entities across products


Our Vision for Technology


To make our consumers lives better everyday by creating **technology-led, data-driven** businesses to scale exponentially, by offering **differentiated customer-centric products and services**, leveraging our core pillars that we have built over the years – **Integrity, Empathy, People, Process and Humility**.




Our Aspirations:

- 
Enable Synergy

Improved business decisions and cross-selling to existing customers through data analytics
- 
Transform Digitally

Continue to provide innovative digital solutions to better serve the customers
- 
Increase Efficiency

Provide efficient customer service and increase productivity of Shriram executives
- 
One Platform

Bring all products offered by the Shriram group on one platform

Digital – Driving Business



Touching 2 lives every second through Mobile / Web

Over 4.8 lakhs digital transactions per month on Mobile and Web platforms

| | | | | | |
|--|---|---|--|--|--|
| | Customer focused Initiative | INR 6 bn worth of Digital Fixed Deposits | 18,000 customers Instant 2w loan on mobile website – launched Sep'21 | INR 12.7 bn SCUF B2C collections on Mobile app | INR 15 bn STFC B2C collections on Mobile app |
| | Executive / Partner Mobile App | 46,000 STFC/SCUF Executives on mobile app | 116,000 Executives/partners of SGI on mobile app | 95,000 Executives/partners of SLIC on mobile app | 95,000 Executives/partners of SLIC on mobile app |
| | Executive / Partner App transactions | INR 19.5 bn SCUF assisted collections on Mobile app | INR 54 bn STFC assisted collections on Mobile app | 1.3 mn GI Policies sold through mobile app | 350,000 GI Policies sold through web-aggregators |
| | New Initiatives | 540,000 OTP based transactions through Smileage (fuel loan) | ~INR 6 bn Volume of transactions through Smileage (fuel loan) | 359,000 INR 740 mn Fast tag transactions | Top-up loan Web based Pilot planned for existing Gold loan customers |

Based on all financial transactions performed digitally in HY22

Key Digital Transformation Initiatives



Digital Presence

- Website
- Mobile App
- Paid media – FB | Instagram | SEO | WhatsApp



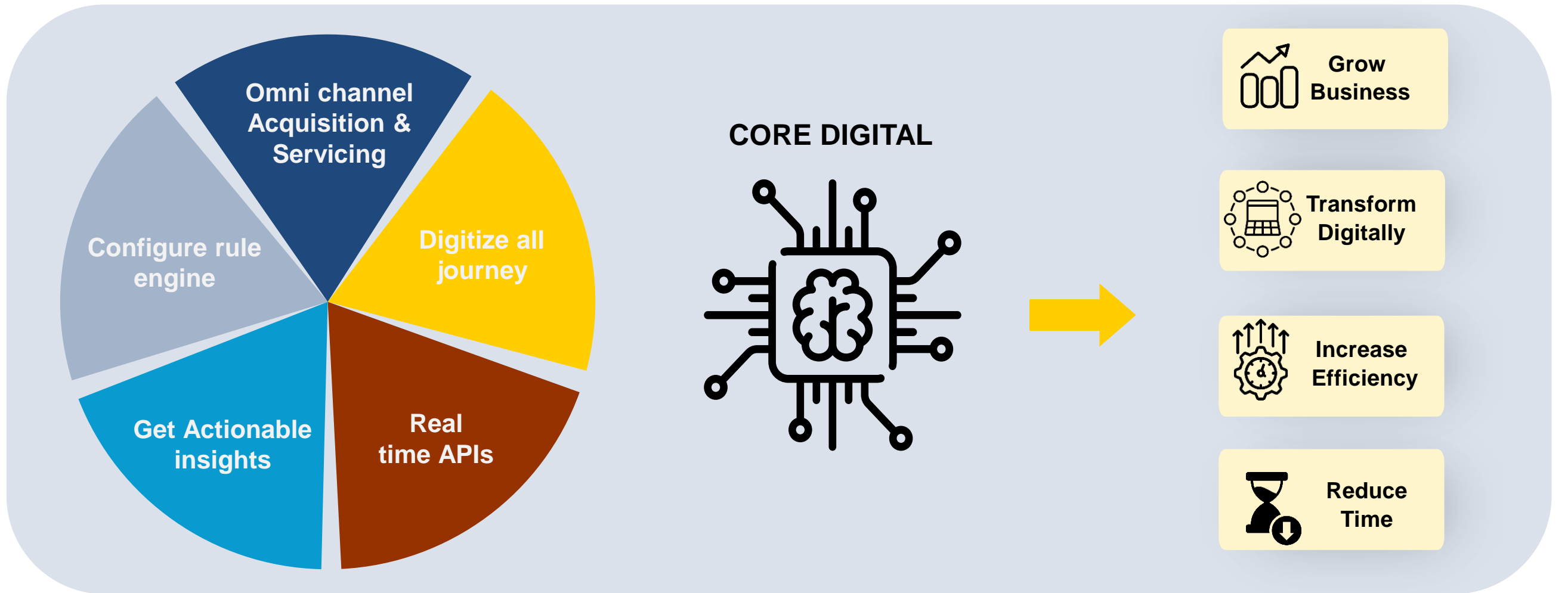
Digital Engagement

- Lead Form
- Wish list
- Pre Approved
- SMS / Email – With Link to lead form or offer Page



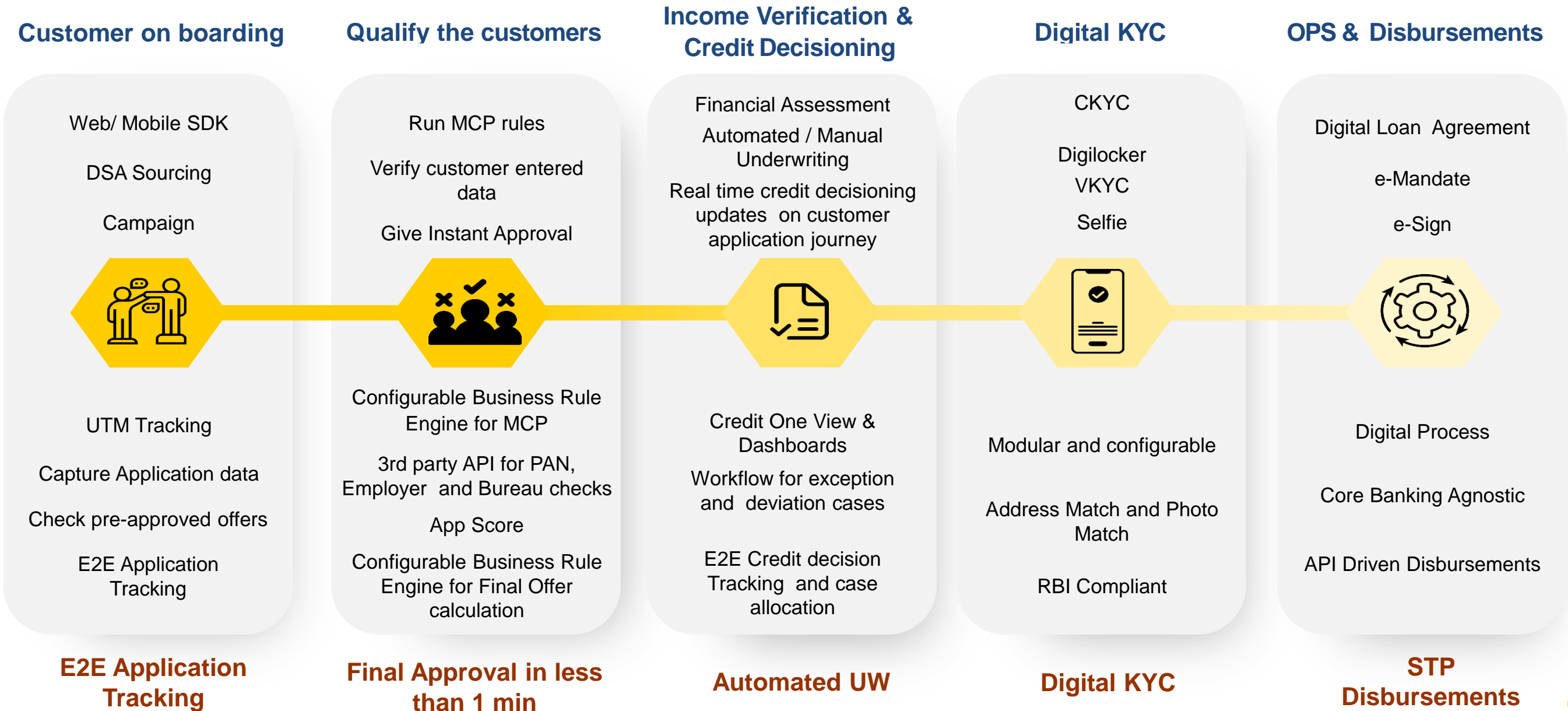
Digital Business

- Digital lending business
- Insurance Policy management
- Marketplace

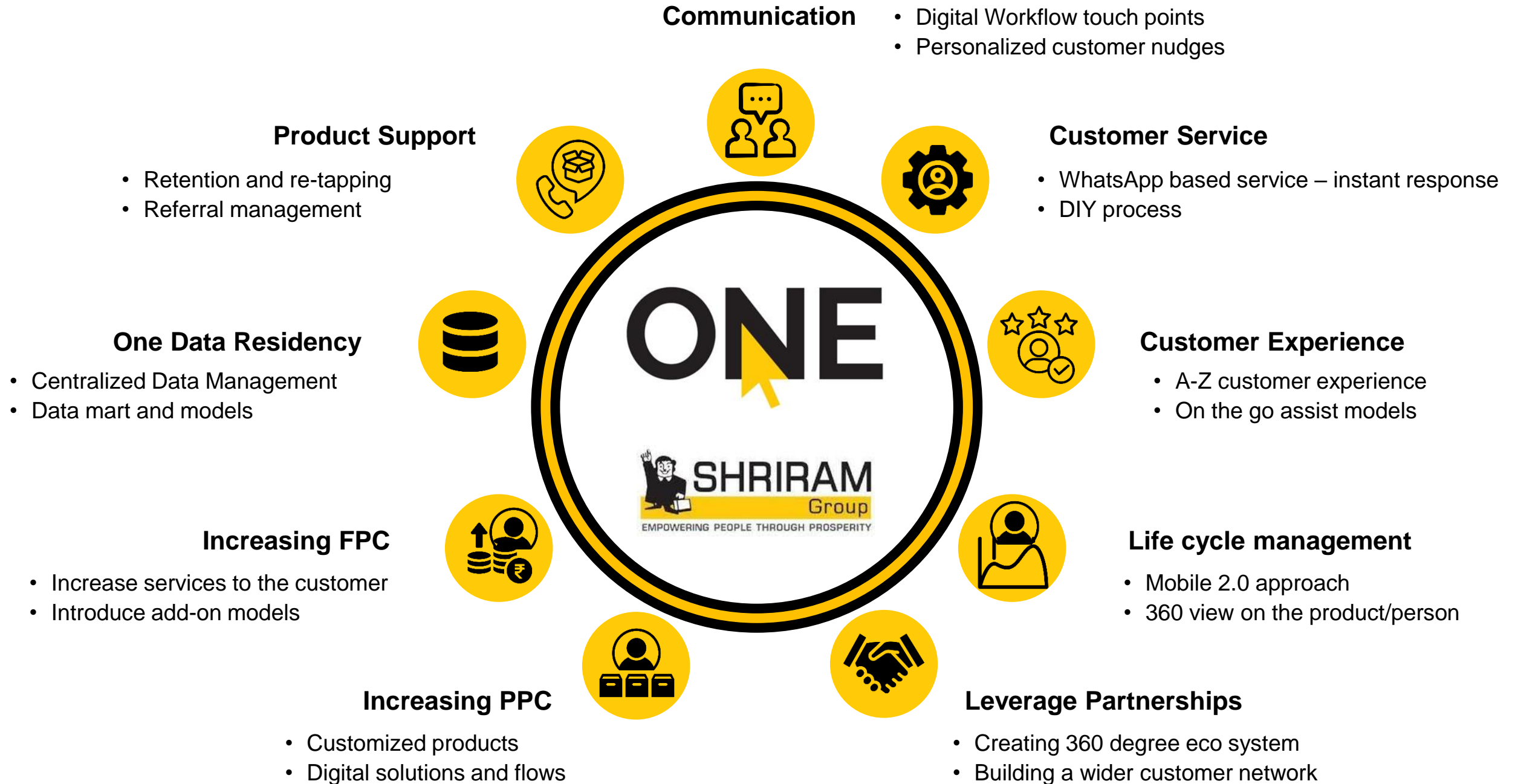


Key Technology Enablers – Digitized Workflows

An integrated platform covering all businesses of Shriram coupled with end-to-end digitized workflow is a step towards achieving exponential growth of the group



Embarked on the Journey of “Shriram One” App – Key Objectives



Liabilities Strategy

Benefits of Combined Liability & Treasury

- ALM's of both the entities perfectly matched across buckets
- Excess liquidity maintained across both entities as a policy. Can be rationalized to bring down negative carry
- Larger treasury expected to give scale benefits, reduction in cost of funds and potential rating upgrade

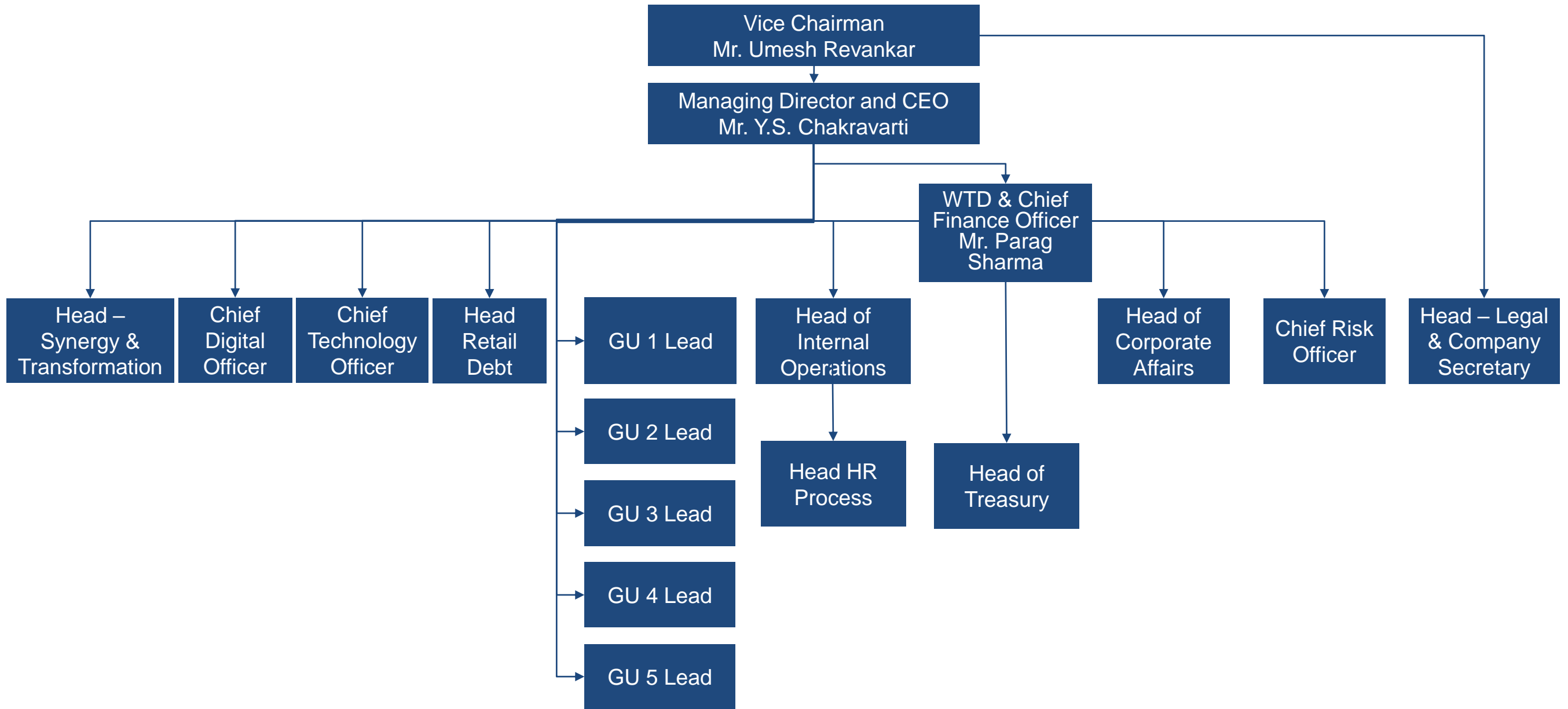
ESG Funds

- STFC has issued ESG focused – “social bonds” in offshore market for past 2 years with positive response
- Potentially explore larger participation from ESG investors for the consolidated business with EV & social cause factors in play enabling more resources at lower costs

Retail Debt Vertical

- Efficient sourcing mechanism in place for retail debt including Public deposits
- Public deposits contribute ~20% of overall borrowings & group is keen to nurture this further

Leadership Team of Merged Entity



Leveraging Depth of leadership across entities

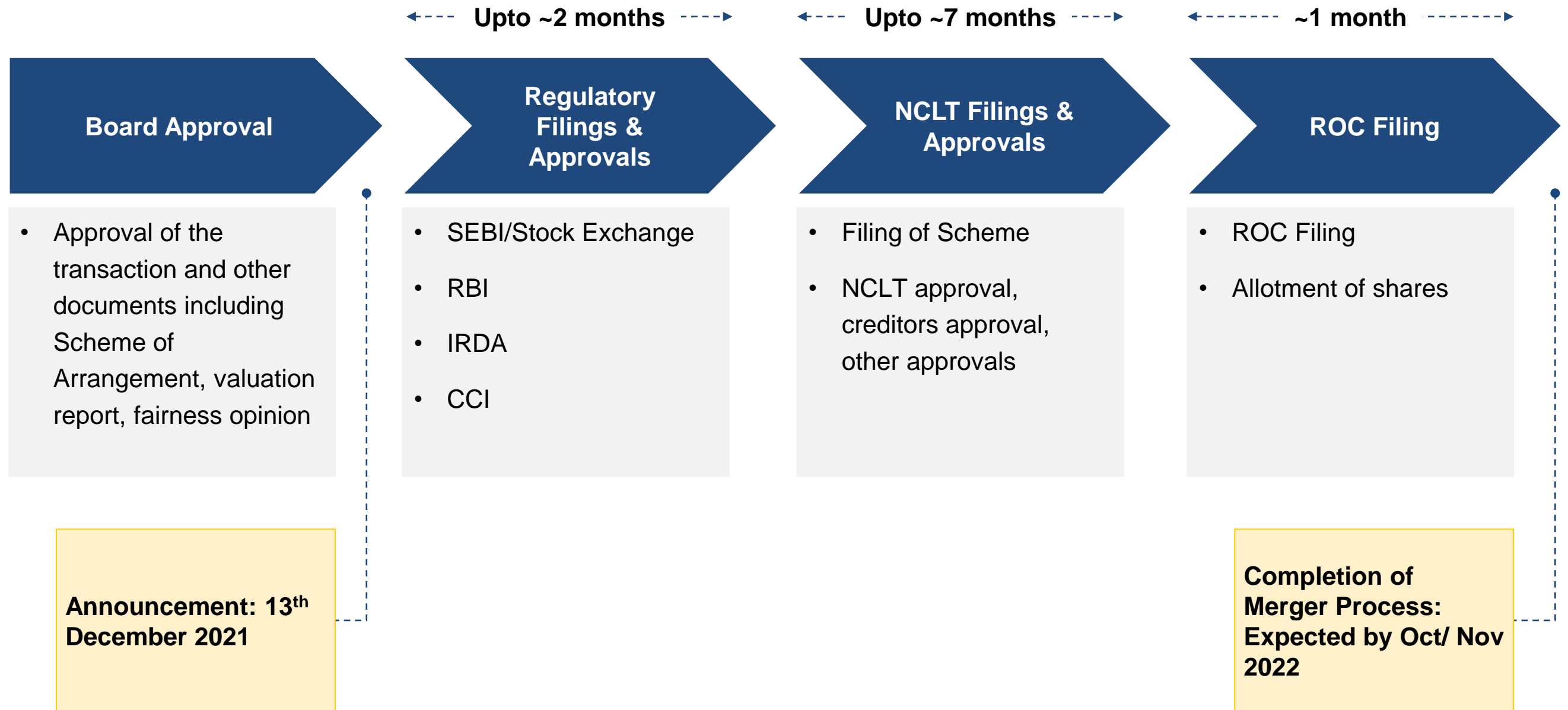
Key Financial and Operational Metrics (Proforma)

| INR | STFC | SCUF | Merged (Proforma) |
|-----------------------------|-----------------|---------------|-------------------|
| AUM | 1,172 bn | 296 bn | ~1,500 bn |
| Networth / PAT | 216 bn / 25 bn | 81 bn / 10 bn | 297 bn / 35 bn |
| RoA/RoE | 2.0% / 12.6% | 3.1% / 13.2% | 2.4% / 12.7% |
| No. of Branches / Customers | 2,634* / 2.1 mn | 971 / 4.3 mn | 3,605 / 6.4 mn |
| Capital Adequacy | 22.5% | 28.6% | 23.8% |
| Cost to Income | 21.2% | 37.9% | 28% |
| Gross Stage 3 / Net Stage 3 | 7.1% / 4.2% | 6.4% / 3.1% | 6.9% / 3.9% |
| Borrowings | 1,062 bn | 256 bn | 1,318 bn |

Data as of 31 Mar 2021 | Branch & Customer data as on 30th Sept 2021

* Includes 809 Rural Centres

Key Milestones, Expected Timelines and Approvals Required

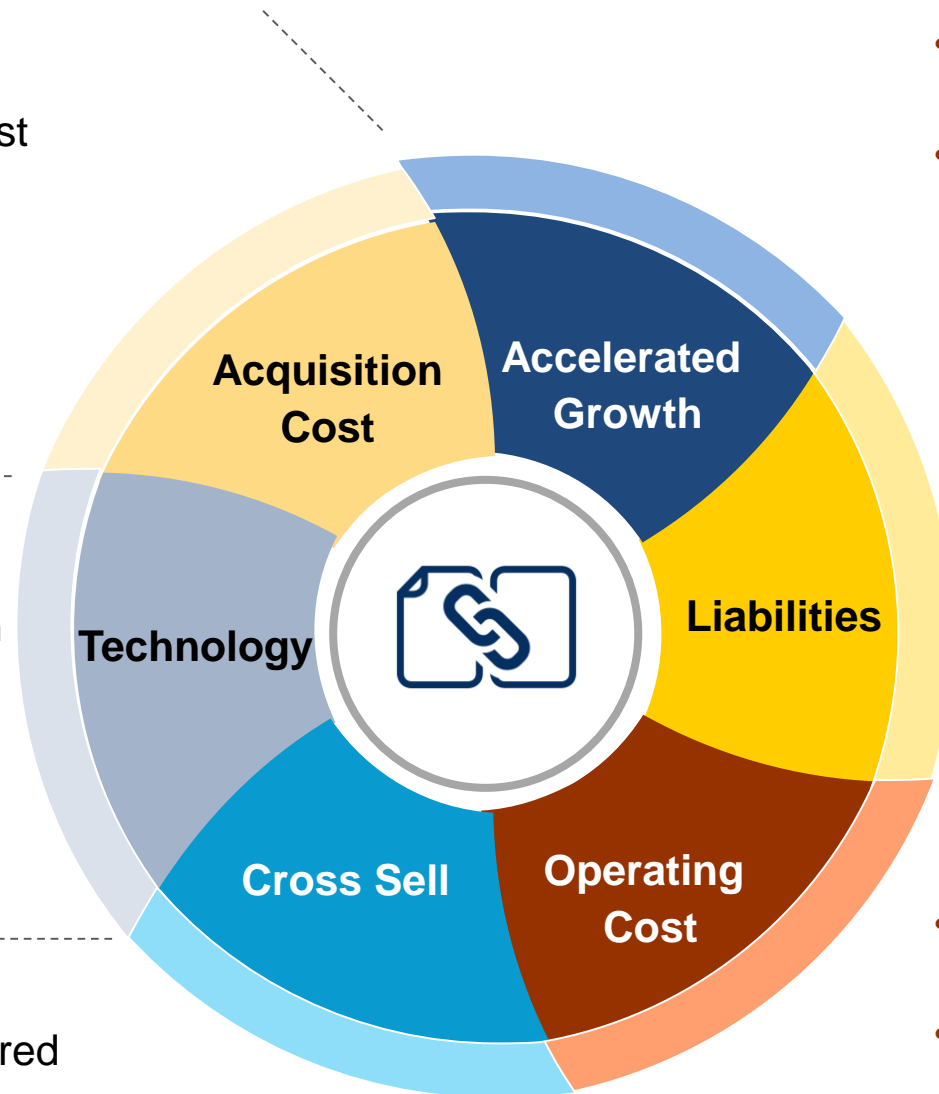


Key Synergy Estimates

- Reduction in Overall Acquisition cost due to unified databases and SuperApp architecture

- Both companies have a similar tech platform managed in-house
- Seamless integration resulting in a unified database

- Deepen Insurance Cross Sell
- Explore suitable products to be offered from the ecosystem to the unified customer base



- Superior growth supported by wallet share expansion
- 7/10 STFC customers & 5/10 SCUF customers have taken different loans/insurance from Shriram Ecosystem; aim is to get to 2PPC by FY 24

- Cost of Fund Benefit ~30-50 bps
- Larger treasury - better negotiating power
- Reducing the negative carry

- Focus on improving efficiencies & process improvements instead of cost cutting
- Improved employee productivity & better operational efficiencies on the back office functions – treasury / HR / tech etc

Incremental Bottom line growth of ~10% on account of synergies across verticals

Advisors

Transaction Advisors

ICICI Securities Limited;
Morgan Stanley India Company Private Limited

Tax Advisors

Ernst & Young LLP

Legal Advisors

J&M Legal

Valuation Advisors

Drushti R. Desai (Registered Valuer), Bansi S. Mehta & Co.;
Ernst & Young Merchant Banking Services LLP

Fairness Opinion

HSBC Securities and Capital Markets (India) Private Limited (for STFC);
JM Financial Limited (for SCUF)

Post Merger Integration

PricewaterhouseCoopers Services LLP

* Names appear in alphabetical order

Thank You