

Ref: D: STEC

July 25, 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

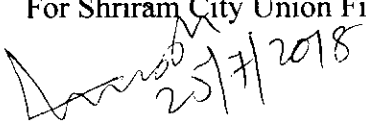
Please find attached the presentation on financial results made by the Company to analysts / institutional investors. This is an intimation under Regulation 30 read with Schedule III (Part A) (15) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 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
AS

Encl: a/a.

Shriram City Union Finance Limited

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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



Investor Presentation

1QFY19

Content

Ind AS Transition

Performance Highlights

Company Overview

Key Changes Under IND AS Implementation

➤ PROVISIONS:

- ✓ Though various heads of accounts have undergone changes as per IND AS, significant impact has been in the provisions
- ✓ Under IND AS, computation of provisions is based on Expected Credit Loss (ECL) model
- ✓ ECL methodology is based on the principle of providing for expected future losses, rather than incurred losses.
- ✓ 3 stage impairment model has been adopted as per requirements of IND AS.
Stage 1: comprises of loans in 0 - 30 days bucket, Stage 2: 31- 89 days & stage 3: 90 days & above
- ✓ Stage of loan determines amount of impairment to be recognized as ECL. Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) estimates are determined for the purpose of ECL computation & calculated at product segment level
 - ✓ Exposure at Default (EAD) - Exposure amount to a borrower
 - ✓ Probability of Default (PD) - Probability of a borrower defaulting his obligations in the future.
 - ✓ Loss Given Default (LGD) - Computation is based on the recoveries made out of assets which had been in default in the past
 - ✓ Estimated Credit Loss (ECL) - $EAD \times PD \times LGD$

Key Changes Under IND AS Implementation

➤ **LOANS & ADVANCES:**

- ✓ Processing fee on loans recognized upfront under IGAAP is recognized over the period of loans based on Effective Interest Rate (EIR)
- ✓ Interest on Non Performing Assets (NPA) - interest income on NPA had been recognized on cash basis under IGAAP as per RBI requirements. Under IND AS, interest income on NPA loans is recognized based on EIR and a corresponding provision for impairment is created for the same based on Expected Credit Loss (ECL) Model.

➤ **BORROWINGS:**

- ✓ Under Indian GAAP, the transaction cost is recognized upfront in P & L. Under IND AS, borrowings (except cash credit) are classified at 'Amortized cost'

One-Time Transition Impact on account of Ind-AS

➤ One-time transition impact on opening Reserves & Surplus as of 1st April 2017 and 1st April 2018

Particulars	01-Apr-17	01-Apr-18
Opening Reserves & Surplus balance as per GAAP	5028	5566
<i>IND AS adjustments increasing / (decreasing) Reserves & Surplus (pre tax)</i>		
Provisions under ECL	-1575	-2088
IGAAP provisions	1201	1626
Impact on Provisions ("A")	-373	-462
Loans & Advances	160	269
Investments	0	-2
Others	36	29
Impact on Other heads ("B")	196	297
Total impact on Reserves & Surplus (Pre Tax) ("A+B")	-177	-166
<i>Net Deferred tax on above</i>	<i>61</i>	<i>57</i>
Total Impact on Reserves & Surplus (Post tax)	-116	-108
Reserves & Surplus balance as per IND AS	4913	5458
<i>% of impact on transition to opening Net-worth as per IGAAP</i>	<i>2.30%</i>	<i>1.94%</i>

Content

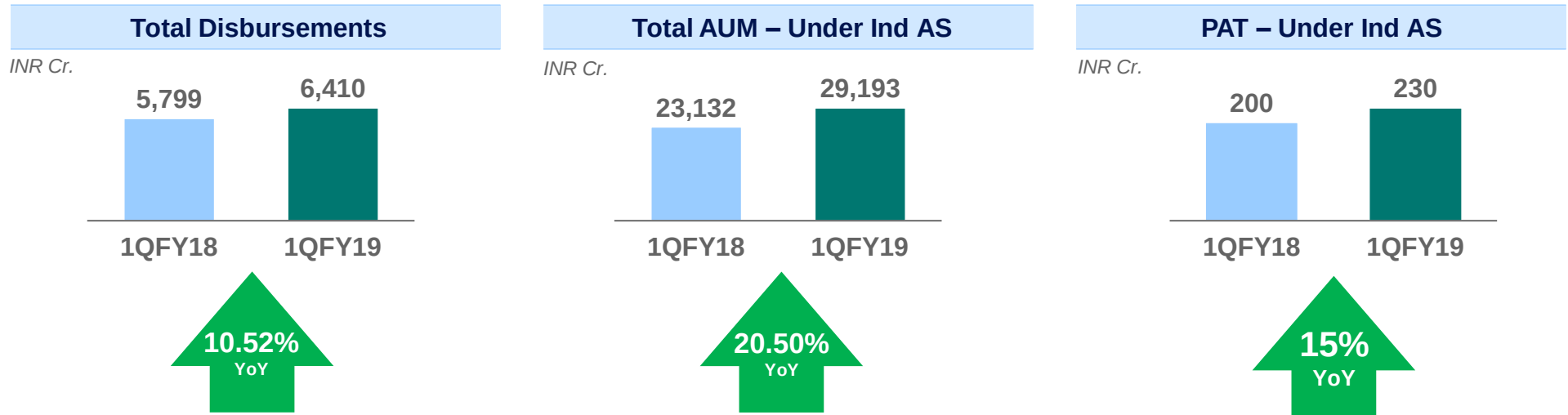
Ind AS Transition

Performance Highlights

Company Overview

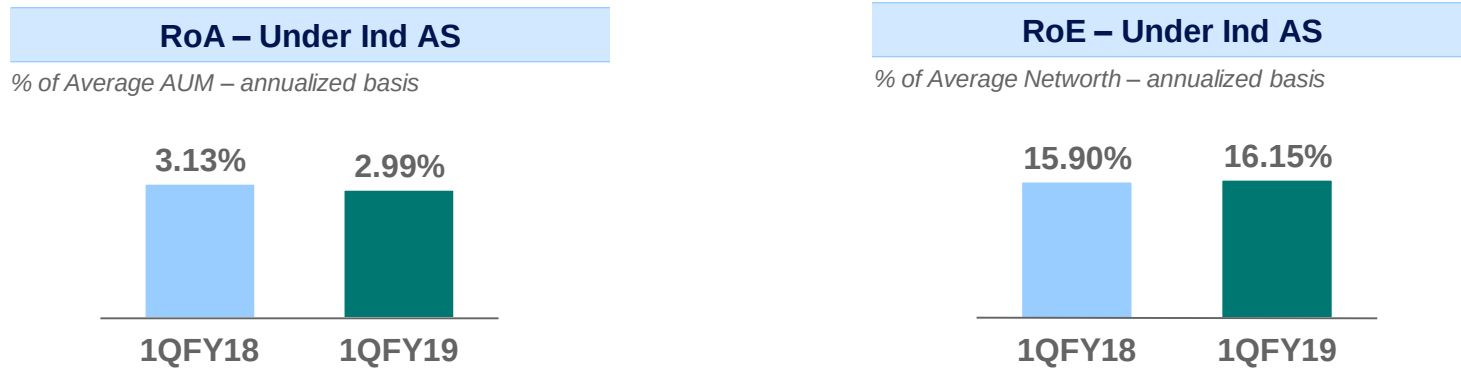
Performance Highlights for 1QFY19

Key Financial Metrics



Ex-gold disbursement growth was 23% YoY

Ex-gold AUM growth was 25% YoY

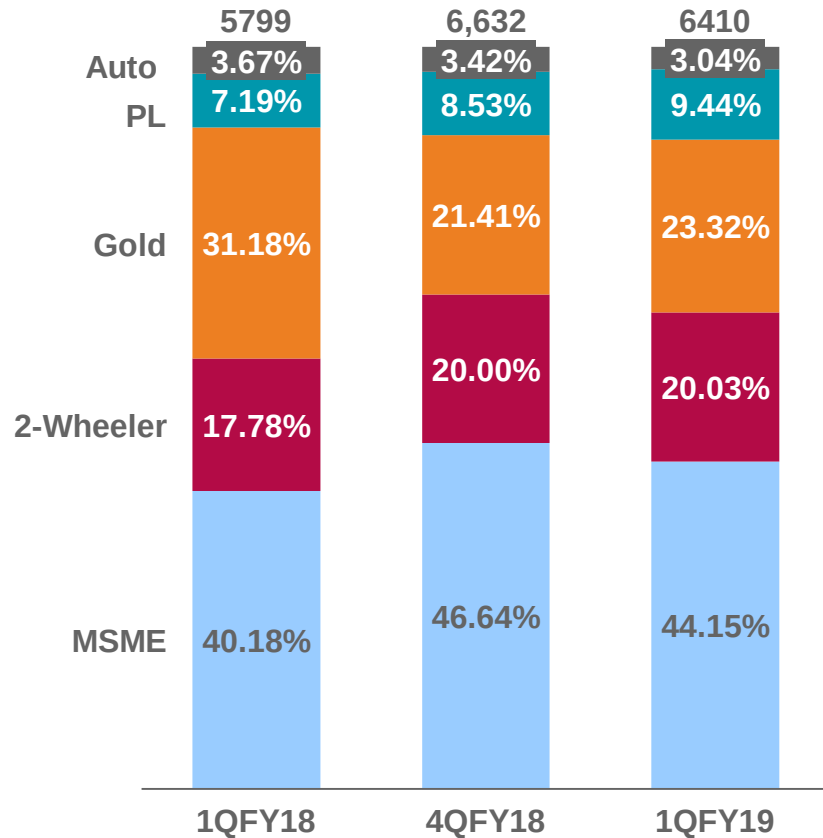


Performance Highlights for 1QFY19

Product-wise Performance

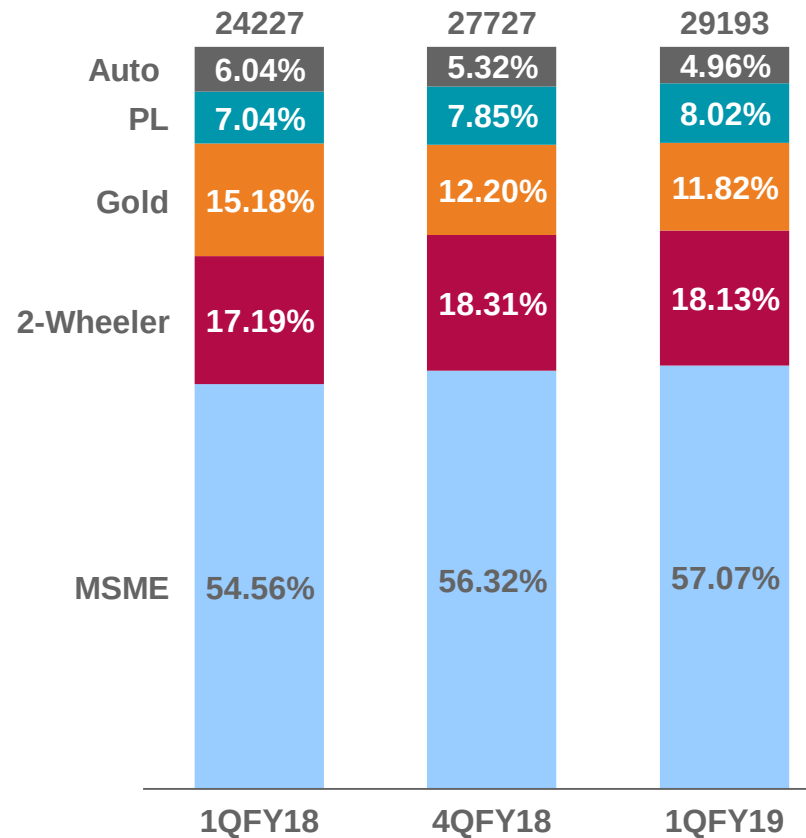
Disbursement by Product

INR Cr.



AUM by Product – Under Ind AS

INR Cr.

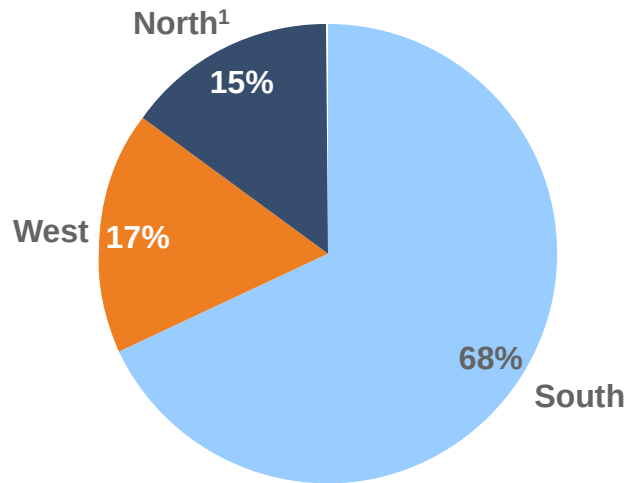


Performance Highlights for 1QFY19

Geographic Breakup of Business

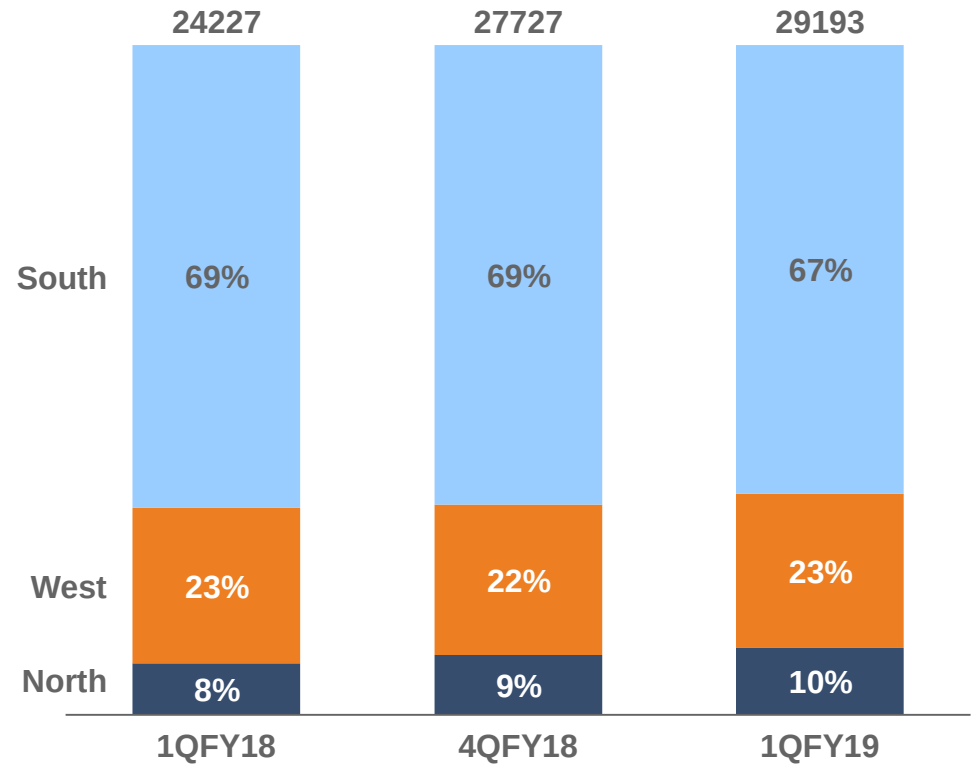
Branch Network by Geography

969 branches as of 30-June-2018



AUM by Geography

AUM in INR Cr.



Asset Quality Details (as per IGAAP)

Product	1QFY18 (120 DPD)			4QFY18 (90 DPD)			1QFY19 (90 DPD)		
	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR
Small Enterprise Finance	7.14%	2.11%	70.40%	9.68%	3.80%	60.70%	9.70%	3.80%	60.90%
Two Wheelers	7.43%	2.06%	72.20%	10.03%	4.92%	50.99%	9.90%	5.00%	49.80%
Auto Loans	9.15%	2.44%	73.30%	10.85%	4.95%	54.35%	11.00%	5.10%	54.10%
Personal Loans	9.01%	-	100.00%	10.62%	-	100.00%	10.80%	-	100.00%
Loan Against Gold	2.70%	0.80%	70.20%	2.55%	1.03%	59.80%	1.70%	0.70%	60.10%
Total	6.76%	1.77%	73.80%	9.00%	3.43%	61.93%	8.90%	3.40%	62.00%

Key Assumptions under Ind-AS

Probability of Default (PD) & Loss Given Default (LGD)

Product	Probability Of Default (%)			Loss Given Default (%)			Expected Credit Losses (Rs. Cr)		
	1QFY18	4QFY18	1QFY19	1QFY18	4QFY18	1QFY19	1QFY19	4QFY18	1QFY19
Small Enterprise Finance	2.84%	4.03%	4.03%	57.15%	51.34%	49.29%	1013	1255	1351
Two Wheelers	4.69%	5.92%	5.92%	46.49%	50.55%	46.28%	282	453	422
Auto Loans	4.95%	5.92%	5.92%	49.91%	52.37%	51.84%	144	148	144
Personal Loans	5.66%	6.48%	6.48%	57.06%	51.58%	46.13%	181	217	210
Loan Against Gold	2.43%	2.45%	2.45%	3.51%	8.12%	3.61%	13	14	5
Total	3.42%	4.46%	4.46%	46.66%	46.02%	43.39%	1633	2088	2132

Performance Highlights for 1QFY19

Income Statement under Ind-AS vs. I-GAAP

Particulars (INR in Crores)	As per Ind AS		As per IGAAP		YoY Growth	
	1QFY18	1QFY19	1QFY18	1QFY19	IND AS	IGAAP
Assets Under Management⁽¹⁾	24227	29193	24053	28928	20%	20%
Disbursements	5799	6410	5799	6410	11%	11%
Income from Operations⁽¹⁾	1227	1402	1218	1405	14%	15%
Other Income	2	2	2	2	8%	20%
Total Income	1229	1403	1219	1407	14%	15%
Interest Expenses	404	464	402	460	15%	15%
Net Interest Income	823	938	816	945	14%	16%
Personnel Expenses	159	205	158	207	29%	31%
Other Operating Expenses (incl depreciation)	162	166	162	163	2%	1%
Total Operating Expenses	321	371	320	370	16%	16%
Pre Provisions Profits	504	569	498	577	13%	16%
Provisions for NPA & Std Assets ⁽²⁾	59	44	62	78	-25%	27%
Write offs	138	171	138	171	24%	24%
Provisions & Write offs	197	215	200	249	9%	25%
Profit Before Tax	307	353	298	328	15%	10%
Profit After Tax	200	230	194	213	15%	10%

- *Note: we have provided financials as per previous IGAAP for comparison with Ind AS. These previous IGAAP financials are based on management reports and have not been subjected to review by auditor.*

Performance Highlights for 1QFY19

Analysis on Average AUM

Analysis on Average AUM	As per Ind AS		As per IGAAP	
	1QFY18	1QFY19	1QFY18	1QFY19
Yield on Assets	20.66%	19.70%	20.64%	19.93%
Finance Expenses	6.80%	6.52%	6.81%	6.53%
Net Interest Margin	13.86%	13.18%	13.83%	13.40%
Personnel Expenses	2.67%	2.88%	2.68%	2.93%
Other Opex	2.73%	2.34%	2.74%	2.31%
Total Operating Expenses	5.40%	5.21%	5.42%	5.24%
Pre Provision Profits	8.49%	7.99%	8.44%	8.19%
Provisions for NPA, & Std Assets / ECL *	0.99%	0.62%	1.04%	1.11%
Write offs	2.33%	2.41%	2.34%	2.43%
Provisions & Write offs	3.31%	3.03%	3.39%	3.54%
Net Spread (Pre Tax)	5.17%	4.96 %	5.05%	4.65%
Cost to Income Ratio	38.98%	39.55%	39.20%	39.11%
Earnings per Share (Rs)	30.40	34.60		
Book Value per Share (Rs)	763.14	861.88		
CRAR Total			23.37%	20.98%
CRAR (Tier I)			21.88%	20.30%

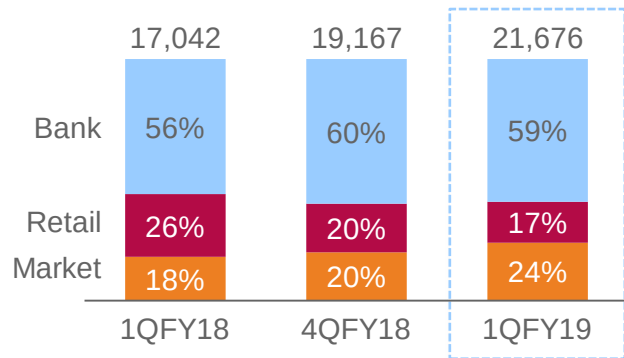
* Provisioning for Std Assets as per Ind AS is 2.3% against 0.40% as per IGAAP.

Diversified Borrowing Profile

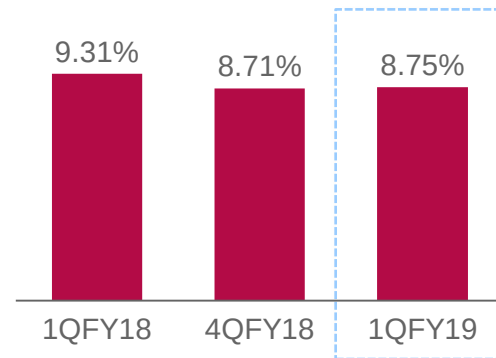
Adequately leveraged for growth

Funding Mix and Cost Analysis

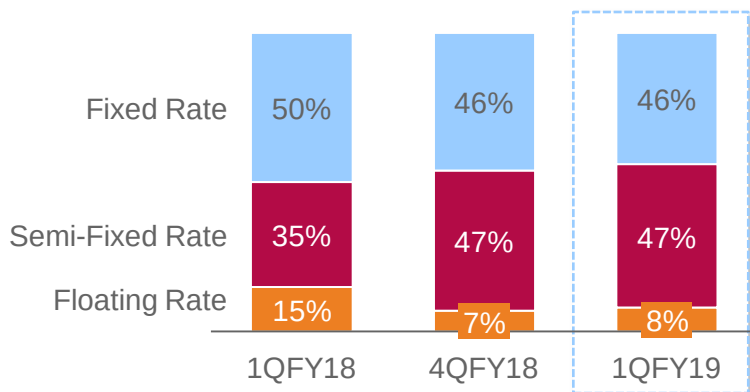
Split of Borrowing
(INR Cr.)



Average Cost of
Borrowing



Interest Rate Mix of Borrowings



Credit Ratings



Outlook

✓ **Grow loan book at 18-20% CAGR**

- Consolidate leadership positions in MSME Finance and 2-W Finance
- Leverage existing branch network to offer all products
- Continue to promote cross-sell of products to our customer base
- Adequately capitalized for continued growth in the medium term

✓ **Revert to our historical RoE range of 18-20%**

- Digital enablement of entire business to drive growth and operational efficiencies
- Normalization of credit costs following disruption and accounting effects over FY16-18

Content

Ind AS Transition

Performance Highlights

Company Overview

Company 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 3.95m; Strong base of 28.1k employees
- Strong presence in the rural and semi-urban markets



Presence across attractive retail lending segments

Company Overview

Product details

Product Portfolio (AUM breakup)							
AUM as of June-18 INR 29,193Cr		Launch Year	Avg. Ticket	Tenor Band	Indicative Yield Band	LTV	Description
MSME	57.07%	2006	~INR 10L	36-60 months	14-22%	Cash flow based	- Loans to under-banked / un-banked micro & small enterprises 80% of the loans are collateralized
		2002	~INR 43k	24-30 months	21-24%	75%	- Market leader with ~23% market share. - Primarily caters to self-employed customers in rural and semi-urban markets
		2007	~INR 40k	~4 months	14-18%	75%	- Largely focused on lending to individual customers - Presence only in 5 states
		2002	~INR 75k	18-36 months	22-28%	Cash flow based	Cross-sell primarily to existing tenured customers with a strong track record of repayments
2-Wheelers	18.13%						
Gold	11.82%						
Personal Auto	8.02%	2006	~INR 150k	24-48 months	18-24%	60-80%	Funding for entry level new cars, and used cars for self-employed customers
	4.93%						

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

Company Overview

Business Strategy – Cash Flow Based Lending

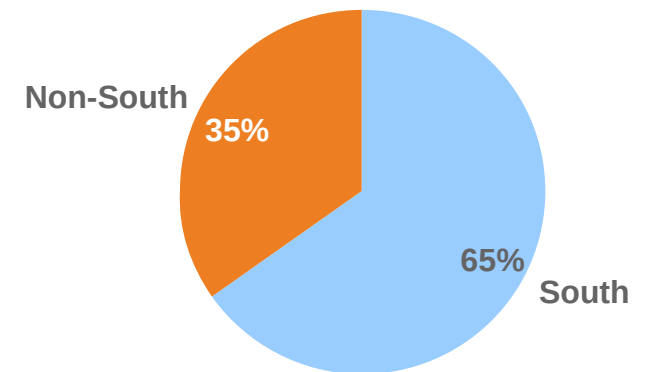
57.07%
of AUM

MSME Finance

- Cash flow based lending model
- Relationship and contact-led, community-driven approach enable us to profitably serve customers in rural and semi-urban India
- Empowered branches with tailored credit appraisal techniques
 - Locally drawn field force with personal knowledge of the market
 - In-house teams for pre-lending field investigations and appraisals
- Long runway for growth:
 - Geographical expansion
 - Deeper penetration in existing markets
 - Increasing customer lifecycle

MSME AUM Split by Geography

As of June-18



8.02% of
AUM

Personal Loans

- Primarily to existing customers with track record of timely repayments
- Cross-sell product that provides operating leverage to the business and enables us to service the customer better
- Significant runway for growth through continued improvement in cross-sell penetration

Company Overview

Business Strategy – Asset Financing

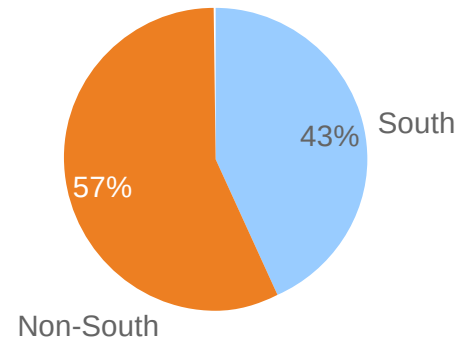
18.13%
of AUM

2-W Financing

- Caters largely to self-employed customers in rural and semi-urban markets
- Lead financier in the 2-W market; Focus on:
 - Historically under-served markets,
 - Quick turnaround times,
 - Excellent relationships with dealers and OEMs, and
 - Feet-on-street model
 - Growth headroom from geographical expansion and improvement in financing penetration

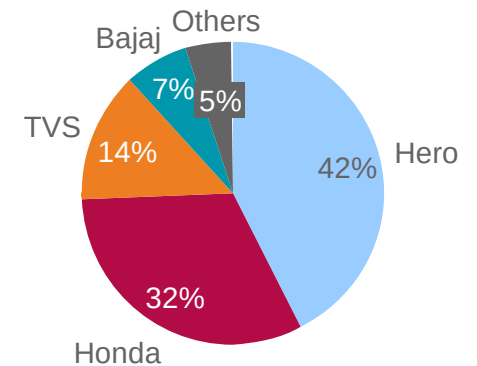
2-W AUM Split by Geography

As of June-18



2-W OEM Exposure

As of June-18



11.82%
of AUM

Loans against Gold

- Loans primarily to individual customers
- Business conducted out of existing branches – provides operating leverage and mitigates risk

Key Highlights

1

Addressing large, under-served markets

2

Differentiated product offerings with high entry barriers

3

Focus on credit quality and collections

4

Digitally-enabled & well-positioned to exploit multiple growth opportunities

5

Adequately leveraged for growth

6

Strong financial metrics



MSME Finance

Leading lender to MSMEs; Focus on under-served segments



MSME
57.07%
AUM

Focus on Under-served MSME



- ✓ Local, trained field force with extensive market knowledge
- ✓ Empowered branches
- ✓ Significant growth runway by leveraging existing network

Key Customers

- ✓ Traders – Wholesale / Retail
- ✓ Service providers
- ✓ Small-scale manufacturers

Salient Product Features

- ✓ Cash flow based lending
- ✓ Small ticket size
- ✓ Speedy disbursement
- ✓ Flexible offerings

Segment Performance Overview

	1QFY18	4QFY18	1QFY19
Disbursals INR Cr.	2,330	3,093	2,830
<i>YoY growth</i>	-1.73%	28.61%	21.46%
Loan AUM INR Cr.	13,218	15,616	16,661
<i>YoY growth</i>	18.06%	23.36%	26.05%
GNPA (As per IGAAP)	7.14% (120 DPD)	9.68% (90 DPD)	9.70% (90 DPD)

2-Wheeler Financing

Leading player in 2-Wheeler Financing; Focus on under-served segments



**2-
Wheeler:
18.13%
AUM**

Dominant in 2-Wheeler Financing

- ✓ Caters largely to self-employed customers in rural / semi-urban markets
- ✓ Dominant on-ground presence
- ✓ Growth headroom with geographical expansion and continued improvement in financing penetration

Segment Performance Overview

	1QFY18	4QFY18	1QFY19
Disbursal INR Cr.	1,031	1,327	1,284
<i>YoY growth</i>	2.18%	44.08%	24.54%
Loan AUM INR Cr.	4,164	5,077	5,294
<i>YoY growth</i>	14.11%	25.11%	27.14%
GNPA (As per IGAAP)	7.43% (120 DPD)	10.03% (90 DPD)	9.90% (90 DPD)

Gold Loans



Gold:
11.82%
AUM

Gold Loan Book Overview

- ✓ Focus primarily on individual customers
- ✓ Business carried out from existing branches and provides operating leverage
- ✓ Present only in 5 states

Growth in gold loans is dependent on extant market conditions & price

Segment Performance Overview

	1QFY18	4QFY18	1QFY19
Disbursal INR Cr.	1,808	1,420	1,495
<i>YoY growth</i>	27.59%	-35.89%	-17.31%
Loan AUM INR Cr.	3,678	3,382	3,450
<i>YoY growth</i>	14.29%	-1.31%	-6.20%
GNPA (As per IGAAP)	2.70% (120 DPD)	2.55% (90 DPD)	1.70% (90 DPD)

Shriram Housing Finance Ltd

Establishing presence in Affordable Housing through subsidiary Shriram Housing



Housing:
5.93% of
Consol
AUM

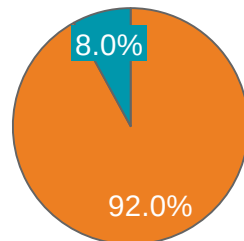
- ✓ Registered as non-deposit accepting HFC with the National Housing Bank
- ✓ Predominantly catering to self-employed borrowers/ informal salaried customers in Tier-II / Tier-III towns
- ✓ Focus on lower-income segment; average retail ticket size of under INR 10 lakhs
- ✓ Operates out of 88 branches and 31 sales offices across 17 states in India with 931 employees
- ✓ Rated 'AA+' by Care Ratings and 'Ind AA' by India Ratings

Growing presence in retail housing segment

Loan AUM Split

As of 1QFY18

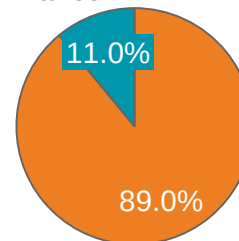
Construction Finance



Retail

As of 1QFY19

Construction Finance



Retail

Shriram Housing Finance Ltd

Quarterly Financial Highlights

Particulars (INR in Crores)	As per Ind AS		As per IGAAP		YoY Growth	
	1QFY18	1QFY19	1QFY18	1QFY19	IND AS	IGAAP
Assets Under Management⁽¹⁾	1643	1839	1643	1839	-	-
Disbursements	137	233	137	233	-	-
Interest Income ⁽¹⁾	73.00	64.70	67.47	68.22	-11.37%	1.11%
Interest Expenses	31.80	29.60	32.50	29.79	-6.92%	-8.34%
Net Interest Income (incl. interest reversals)	34.10	32.60	29.26	32.70	-4.40%	11.76%
Other Income	8.00	6.90	7.23	6.79	-13.75%	-6.09%
Total Income	73.80	69.10	68.98	69.29	-6.37%	0.45%
Personnel Expenses	5.80	15.20	6.01	14.83	162.07%	146.76%
Other Operating Expenses (incl depreciation)	17.10	12.70	13.74	12.65	-34.65%	-7.93%
Provisions & Write offs⁽²⁾	12.10	4.30	11.91	5.87	-64.46%	-50.71%
Profit Before Tax	7.00	7.30	4.81	6.14	4.29%	27.65%

- *Note: we have provided financials as per previous IGAAP for comparison with Ind AS. These previous IGAAP financials are based on management reports and have not been subjected to review by auditor.*

Shriram Housing Finance Ltd

Quarterly Financial Highlights

Particulars (IND AS) (INR in Crores)	As per Ind AS		As per IGAAP	
	1QFY18	1QFY19	1QFY18	1QFY19
Yield on Assets	17.40%	15.30%	16.15%	15.33%
Financial Expenses	9.50%	7.90%	9.04%	8.90%
Net Interest Margin	9.90%	8.80%	8.35%	8.72%
Cost to Income Ratio	30.10%	37.90%	54.16%	69.58%
Gross NPAs	5.10%	6.40%	4.80%	5.87%
Net NPAs	3.20%	4.60%	3.36%	4.30%
RoA	1.30%	1.10%	0.97%	0.87%
RoE	5.90%	4.80%	4.40%	3.90%
Leveraging	3.30x	3.40x	3.12x	3.35x
Capital Adequacy Ratio	31.70%	31.90%	31.70%	31.93%
Net worth (INR Cr.)	405.60	443.60	419.04	442.70

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