SHRIRAM City
MONEY WHEN YOU NEED IT MOST

Ref: D: STEC

Date : July 30, 2014

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

The Secretary
Madras Stock Exchange Ltd.
Exchange Building
P.B.No.183,
11, Second Line Beach
Chennai 600 001

Ref: Scrip Code: BSE - 532498, NSE - SHRIRAMCIT, MSE- SRIRACITUN

Sir,

This is to inform you that Credit Analysis and Research Limited (CARE) has upgraded its Rating for Shriram City Union Finance Limited with effect from July 21, 2014 as per the table mentioned below :-

Sl. No.	Instrument	Amount (₹ in crores)	Rating	Upgraded Rating	Date of upgradation
1.	Non Convertible Debentures Issue (NCD) - I	100	CARE AA	CARE AA+	July 21, 2014
2.	NCD Issue - II	100	CARE AA	CARE AA+	July 21, 2014
3.	NCD Issue - III	75	CARE AA	CARE AA+	July 21, 2014
4.	NCD Issue - IV	750	CARE AA	CARE AA+	July 21, 2014
5.	NCD Issue - V	100	CARE AA	CARE AA+	July 21, 2014
6.	NCD Issue - VI	200	CARE AA	CARE AA+	July 21, 2014
7.	NCD Issue - VII	500	CARE AA	CARE AA+	July 21, 2014
8	NCD Issue - VIII	200	CARE AA	CARE AA+	July 21, 2014
9.	NCD Issue - IX	200	CARE AA	CARE AA+	July 21, 2014
10.	Fixed Deposit	10	CARE AA	CARE AA+ (FD)	July 21, 2014
11.	Subordinated Debt Issue - I	150	CARE AA	CARE AA +	July 21, 2014
12.	Subordinated Debt Issue - II	100	CARE AA	CARE AA +	July 21, 2014
13.	Subordinated Debt Issue - III	60	CARE AA	CARE AA +	July 21, 2014
14.	Short-term Debt	50	CARE A1+	CARE A1+ (Reaffirmed)	July 21, 2014

SHRIRAM City
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Please find enclosed copies of the Credit Rating Letters received from CARE Limited dated July 21, 2014 and Rationale letter from CARE dated July 25, 2014.

This information is given as per the requirement of clause 36 and other applicable clauses of the listing agreement.

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

Thanking you,

Yours faithfully,
For **SHRIRAM CITY UNION FINANCE LIMITED,**

C R DASH 30/7/2014
Company Secretary

Encl: a/a

CARE Ratings
Professional Risk Opinion

20 YEARS PLUS
Analytical Excellence

Ms. Subhasri Sriram
Executive Director
Shriram City Union Finance Limited
221, Royapettah High Road,
Mylapore,
Chennai – 600004

July 21, 2014

Dear Madam,

Credit rating for debt instruments

With reference to our letter dated July 3, 2014 and your e-mail dated July 15, 2014 on the above subject, our Rating Committee has revised the rating assigned to the various debt instruments of your company to **'CARE AA+' [Double A+].** The rating letter for the same is enclosed.

Thanking you,

Yours faithfully,

Narrmatha P

Narrmatha P
Deputy Manager

Encl: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CARE Ratings
Professional Risk Opinion

20 YEARS PLUS
Analytical Excellence

Ms. Subhasri Sriram
Executive Director
Shriram City Union Finance Limited
221, Royapettah High Road,
Mylapore,
Chennai – 600004

July 21, 2014

Confidential

Dear Madam,

Credit rating for debt instruments

On a review of recent developments including operational and financial performance of your company for FY14, our Rating Committee has reviewed the following rating:

Instruments	Amount Rated (Rs. Crore)	Rating	Rating
Non-Convertible Debentures (NCD) - I	100.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD - II	100.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD – III	75.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD – IV	750.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD – V	100.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD – VI	200.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD - VII	500.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD – VIII	200.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
NCD - IX	200.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
Fixed Deposit	10.00	'CARE AA+ (FD)' (Double A Plus (Fixed Deposit))	Revised from CARE AA (FD) (Double A (Fixed Deposit))
Subordinated-debt – I	150.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
Subordinated-debt - II	100.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
Subordinated-debt - III	60.00	'CARE AA+' (Double A Plus)	Revised from CARE AA (Double A)
Short Term Debt	50.00	'CARE A1+'	Reaffirmed

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2. The rationale for the rating will be communicated to you separately.
3. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
4. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.
5. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
6. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Vijay Sajnani
Analyst
vijay.sajnani@careratings.com

Narrmatha P
Deputy Manager
narrmatha.p@careratings.com

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN-L67190MH1993PLC071691

JULY 25, 2014

CARE REVISES THE RATINGS ASSIGNED TO THE DEBT INSTRUMENTS OF SHRIRAM CITY UNION FINANCE LTD

Ratings

Facilities/Instruments	Amount (Rs. Crore)	Ratings[1]	Remarks
Non-Convertible Debentures Issue (NCD) –I	100	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – II	100	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – III	75	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – IV	750	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – V	100	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – VI	200	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – VII	500	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – VIII	200	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
NCD Issue – IX	200	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
Fixed Deposit	10	CARE AA+ (FD) [Double A Plus (Fixed Deposit)]	Revised from CARE AA (FD) [Double A (Fixed Deposit)]
Subordinated Debt Issue – I	150	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
Subordinated Debt Issue – II	100	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
Subordinated Debt Issue – III	60	CARE AA+ [Double A Plus]	Revised from CARE AA [Double A]
Short-term Debt	50	CARE A1+ [A One Plus]	Reaffirmed

Rating Rationale

The revision in ratings factor in the considerable equity infusion in Shriram City Union Finance Limited (SCUF) in June 2014 by strategic investors, strong capitalization levels with high Tier-I capital, improvement in profitability and strong liquidity position. The ratings continue to derive strength from the position of SCUF as a niche player in the rural and semi-urban market offering diversified asset-financing products, its strong resource raising ability with diversified funding base, good overall asset quality albeit moderation witnessed during FY14, experienced management and benefits derived from being part of the Shriram group which has a significant presence in the domestic financial services sector. The ratings, however, are constrained by the regional concentration of its asset portfolio and the risk associated with its customer base which is relatively less organised.

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

The ability of the company to maintain its asset quality, capital adequacy [illegible] base will be the key rating sensitivities.

Background

SCUF was incorporated in 1986 under the name of Shriram Hire Purchase Finance Limited. SCUF went public in 1994 and is registered as a Deposit Accepting Non-Banking Finance Company (NBFC) with the Reserve Bank of India (RBI).

SCUF started operations in 1986 with truck financing and was in this segment till 2002, when it expanded into retail financing. The company discontinued the truck financing business (except for trucks more than 10-year-old), as that business was consolidated in its sister concern (viz. Shriram Transport Finance Ltd; *rated 'CARE AA+' for its various series of Non-Convertible Debentures*). Presently, SCUF has a presence in the following business segments – Small Enterprise Finance Loans (SEF), Loan against Gold (LAG), Auto Loans, 2-Wheeler Loans, Personal Loans and Consumer Durables Loans.

Total assets under management (on and off balance sheet) stood at Rs.14,668 crore as on March 31, 2014. During FY14 SCUF earned a PAT of Rs.521 crore on a total income of Rs.3,239 crore.

The Gross and the Net NPA ratios stood at 2.67% and 0.60%, respectively, as on March 31, 2014. Overall CAR stood at 25.77% for the company as on March 31, 2014.

Shri P.P Pattanayak, who is an independent director on the board of SCUF, is one of CARE's Rating Committee Members. To comply with the regulations, the member has not participated in the rating process and in the rating committee meeting.

Analyst Contact
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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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