SHRIRAM City
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STEC NSE/BSE 431/2021 December 13, 2021

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

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

Ref: ISIN – INE722A01011
Scrip Code: BSE – 532498 and NSE – SHRIRAMCIT

SUB: Press Release with regard to Composite Scheme of Arrangement and Amalgamation

In continuation to our letter dated December 13, 2021 regarding the outcome of the Board Meeting, we are enclosing herewith the copy of Press Release being issued by the Company today with regard to Composite Scheme of Arrangement and Amalgamation.

Kindly host the same on your website

Thanking you.
Yours faithfully,
For Shriram City Union Finance Limited

13/12/2021

C R Dash
Company Secretary

Encl.a/a

SHRIRAM Capital
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SHRIRAM Transport Finance Company Limited
A WINNING RELATIONSHIP

Press Release

Shriram Capital Limited, Shriram City Union Finance Limited and Shriram Transport Finance Company Limited announce Merger : *Merged entity to be the Largest Retail Finance NBFC in India*

- Merged entity to be market leader in all businesses it operates in - #1 Commercial Vehicle Financier, #1 MSME lender in the underbanked customer segment and #1 Two Wheeler financier.
- Comprehensive product suite, wider distribution network and increased customer touch points to prove beneficial to customers of both organizations.
- Compelling synergies to enhance shareholder value. Potential to increase new business margins through product mix optimisation and cross sell leading to better operating leverage.
- Shriram Capital Limited, the Promoter entity of the group will also merge with Shriram Transport, post de-merger of all other businesses of the group – namely – Life insurance / General Insurance and all non-lending and non-insurance activities
- One Composite Scheme for all above
- Name of the merged entity to be "**Shriram Finance Limited**"

Mumbai, December 13, 2021: Shriram Transport Finance Limited (STFC), India's largest Commercial Vehicle Financier and Shriram City Union Finance Ltd. (SCUF), India's premier diversified NBFC in the underserved segment and their Promoter entity Shriram Capital Limited (SCL) announced that the boards of directors of STFC, SCUF & SCL, at their respective board meetings held on 13th December 2021, approved the merger of SCL & SCUF with STFC.

The merger is subject to the approval of shareholders of SCL, SCUF and STFC respectively, regulatory approvals of RBI, CCI, IRDA, NHB, NCLT and such other regulatory approvals as may be required.

Pursuant to the merger, Shriram Transport will issue,

- 1.55 shares for every 1 share of SCUF
- 0.09783305 share for every 1 share of SCL
    - this translates into SCL shareholders getting 1 share of STFC for every 1 share held by SCL in STFC and

- SCL shareholders will get 1.55 STFC shares for every 1 share of SCUF held by SCL

Strategic Rationale for the Merger

The merger would help the group bring together all its lending products – Commercial vehicles, Two-Wheeler Loans, Gold Loan, Personal Loan, Auto Loan & Small Enterprise Finance - under a single roof, thereby creating a financial powerhouse which would end up being a market leader in all the product and consumer segments that it operates in.

SCUF and STFC see this merger as an immense opportunity to strengthen their consumer offerings and provide a more holistic product basket encompassing all lending products, The intent is also to create a comprehensive cross-sell program combining Insurance, broking & AMC businesses, including their Depositors, backed by a state of the art technology platform. SCUF brings with it an enviable granular product suite with an AUM of 35000 Cr and a distribution network of over 950 branches. Post merger with STFC, the merged entity would have a combined AUM of over Rs 1,50,000 Cr, over 2 Crore customers served till date and a distribution network of over 3500. All of these would be serviced by a team of over 50,000 employees.

All customers of SCUF and STFC will, post-merger, be able to access all the products of the merged entities through the vast network of 3500+ branches and sales points of STFC and SCUF. Similar technology architecture in SCUF and STFC will ensure that the branches of the two companies will be interoperable for business of each other in a very short time. Significant leverage on data analytics and understanding of customer needs will enable the merged entity to meet all the financial needs of its 2 crore plus customers. The potential to enhance customer delight and at the same time deliver shareholder value through cross sell of products and services is immense.

With this stronger and larger customer franchise, there would also be a significant shift in company's pace of innovation. Shriram Finance will enhance its product basket with new products catering to a larger universe of both Retail & SME customers. There has always been a strong focus on technology across the group and the merger will further enable the tech efforts to come under one umbrella which will help efficient use of data and analytics and service our customers better. With a significant customer base, the focus would now shift to create Digital lending products for a click-n-use intent. The company intends to soon launch a Super-App where all its existing and new lending products would be offered under the Shriram Finance umbrella. This would help the customer access the entire Shriram ecosystem at a single click and result in a seamless customer experience. The company intends to gather more insights and analytics through this and continue on its path of innovation for future.

Commenting on the merger, **Mr. DV Ravi, MD Shriram Capital** said, " The merger will enhance our distribution footprint across all business lines without incurring any incremental capex. The benefits likely to accrue due to synergy benefits and the digital initiatives are immense. This merger will also simplify our holding structure eliminating multiple layers."

Ajay Piramal, Chairman, PEL while endorsing the merger, added, "I am pleased to see the coming together of both lending businesses of Shriram. While they emerge as the largest retail finance NBFC, it also opens up immense opportunities for them with the synergies that transpire. It will be an exciting journey for the group as it creates the appropriate value proposition for the combined customer base of over 2 crores."

Mr. Umesh Revankar, Vice Chairman and MD, Shriram Transport Finance Limited said: "We are thrilled about the unique opportunities this merger will create for our customers, as well as our employees and business partners. Shriram Finance will undoubtedly become the market leader for financial services in rural India"

Mr. Y S Chakravarti, Managing Director and CEO of Shriram City Union Finance Limited expressed his confidence that the group will stay firm on its business model and said, "The Shriram Group has always kept the credit starved segment of customers at the heart of all our products and innovation and we believe this merger is another step towards simplifying and offering our customers solutions to all their financial needs under one umbrella. Being the No.1 in the NBFC space brings with it a tremendous responsibility and we are confident that we will come good on it."

Management Team

The leadership team at Shriram Finance would leverage the immense pool of talent available across both the organisations.

Mr. Umesh Revankar, the Executive Vice Chairman and CEO of STFC, would be the Vice Chairman of the merged entity.

Mr. Y.S. Chakravarti, the MD & CEO of Shriram City, would be the MD & CEO of the merged entity.

The respective boards today approved the appointment of Mr.Umesh Revankar on the SCUF board and that of Mr.Y S Chakravarti on the STFC board of directors.

The board of STFC also approved the appointment of Mr.Parag Sharma the CFO of the company as a Whole Time Director in the board.

Advisors to the transaction

Morgan Stanley and ICICI Securities have acted as Financial Advisors for this transaction. The valuation exercise has been conducted by Bansi C Mehta & Co. and Ernst and Young (EY). EY has also assisted in the restructuring and taxation assessment for the transaction.

J&M Legal has been legal advisor. HSBC and JM Financial have helped with the Fairness opinion.

PWC will help Shriram Transport and Shriram City Union Finance navigate through the post-merger integration process.

About Shriram Group

Shriram Group is India's leading financial conglomerate with a dominant presence in commercial vehicle (CV) financing, retail financing, chit fund, equipment financing, housing finance, life insurance, general insurance, stockbroking, distribution of financial products, and wealth advisory services. The Group focuses on serving the underserved and is driven by its Financial Inclusion agenda of bringing finance to low-income families and small businesses. Shriram Capital Limited is the holding company for the Financial Services (Shriram City Union Finance Limited & Shriram Transport Finance Limited) and Insurance entities (Shriram General Insurance Company Limited & Shriram Life Insurance Company Limited) of the Shriram Group. Shriram Housing Finance Limited is a subsidiary of Shriram City Union Finance Limited. The lending and insurance companies were created with the primary objective of optimizing the synergies across the Group entities.

About STFC

Shriram Transport Finance Co Ltd. (Shriram Transport; BSE: SRTRANSFIN, NSE: SRTRANSFIN) a 42-year old company and part of the Shriram Group, is one of the largest asset financing NBFCs in India. The company is a leader in the organized financing of pre-owned trucks with a strategic presence in 5-10 year old truck lending. The company has Assets on Balance sheet of INR 1.21 trillion (Sept' 2021) and has a pan-India presence with a network of 1,825 branches, and employs 24,160 employees including 18,488 Business team. The company has built a strong customer base of around 2.10 million customers. The company has developed strong competencies in the areas of loan origination, valuation of pre-owned trucks and collection. It has a vertically integrated business model and offers a number of products which include: Pre-owned CV financing, New CV financing and other loans like accidental repair loans, tyre loans and working capital finance, etc

About Shriram City Union Finance

Shriram City Union Finance (Shriram City; BSE: SHRMCITY, NSE: SHRIRAMCIT), a 35-year-old company and part of the Shriram Group, is one of India's leading non-banking finance companies. Focused on the rural and semi-urban sector, the Company has over 4.31 Million live customers and has an Asset Under Management of around INR 346.8 Billion. The Company is a leading Two-wheeler financier, provides loans to SMEs, Gold loans and also has a Housing Finance Subsidiary, Shriram Housing Finance Ltd with an AUM of INR 42.5 Billion. Shriram City has 971 branches and employee strength of 25,300 across India as of 30 Sep 2021. The companies Long term credit rating is at AA by CRISIL, ICRA, India Ratings and CARE. Shriram City has been named one of the Best Place to Work in India in 2021 by AmbitionBox, an Info Edge subsidiary.

About Shriram Capital Limited

Shriram Capital Limited (SCL) is in the business of investment promotion and registered as a Systemically Important Core Investment Company (CIC) with Reserve Bank of India. SCL is the holding company for the Financial Services and Insurance entities of the Shriram Group. Shriram Group is India's leading financial conglomerate with a dominant presence in commercial vehicle (CV) financing, retail financing, chit fund, equipment financing, housing finance, life insurance, general insurance, stockbroking, distribution of financial products, and wealth advisory services. The Group focuses on serving the underserved and is driven by its Financial Inclusion agenda of bringing finance to low-income families and small businesses.

SCL and its operating entities have an overall customer base in excess of 21.65 Million, around 67,000 employees across 4,000 branches. It posted a Net profit of INR 49 billion (FY'21) with Assets Under Management (AUM) over INR 2 trillion (Sept' 2021).

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