SHRIRAM City
MONEY WHEN YOU NEED IT MOST

STEC NSE/BSE 433/2021

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: Media Release 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 Media Release 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.shriramcity.in

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

13/12/2021

C R Dash
Company Secretary

Encl.a/a

STRICTLY PRIVATE AND CONFIDENTIAL



SHRIRAM
Group
EMPOWERING PEOPLE THROUGH PROSPERITY

13th December 2021

Media 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

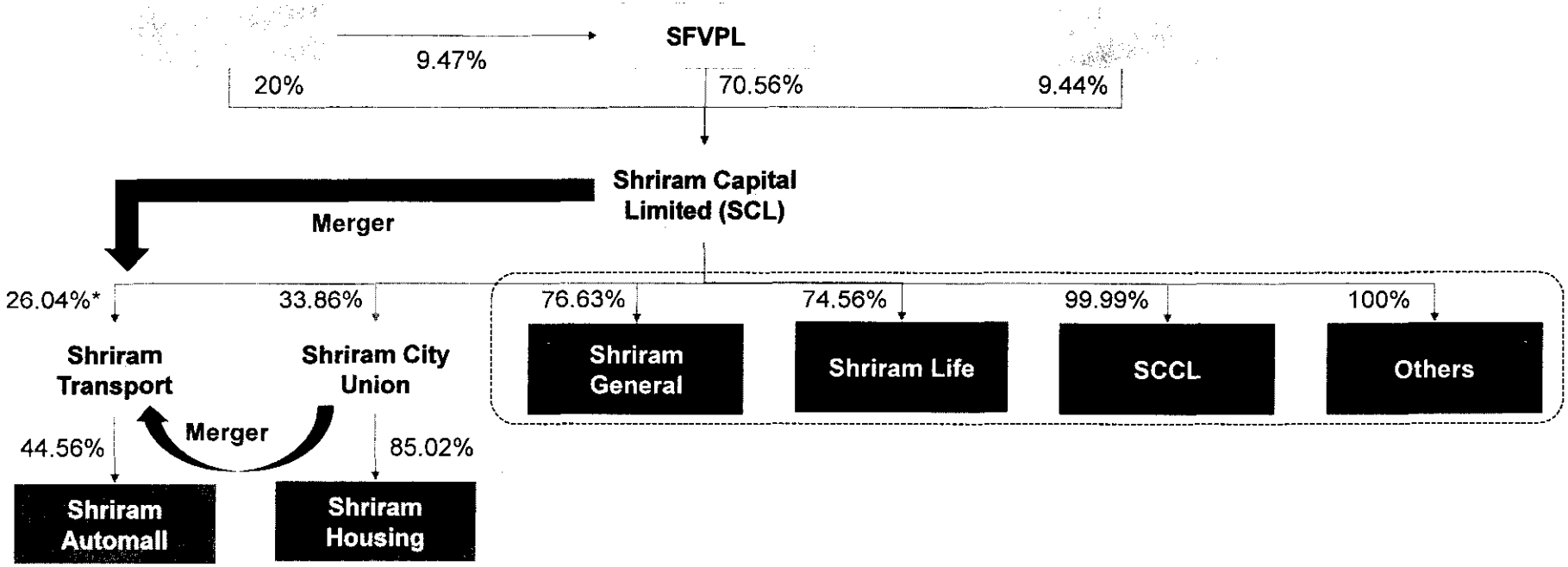
Vision

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

* *Name change process has been initiated*

Transaction Structure

Existing Structure as at 13th December 2021



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.

Entities will be held outside listed company by way of Demerger

Transaction Details

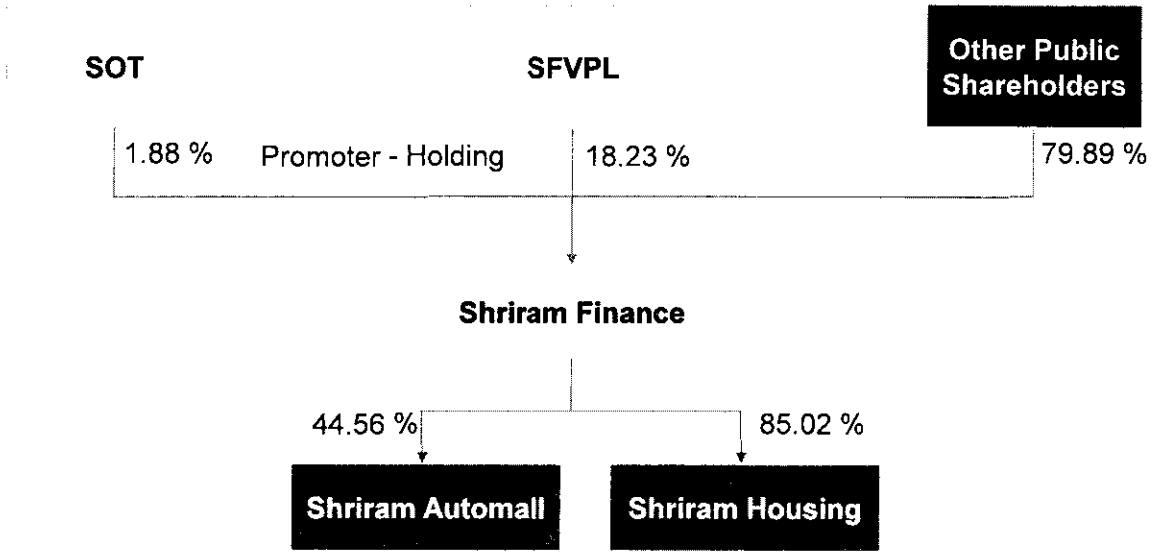
Resultant Structure

- 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



SFVPL – Shriram Financial Ventures (Chennai) P Ltd
SOT – Shriram Ownership Trust

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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**

TAM – Target Addressable Market CoF – Cost of Funds NTC – New to Credit

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**

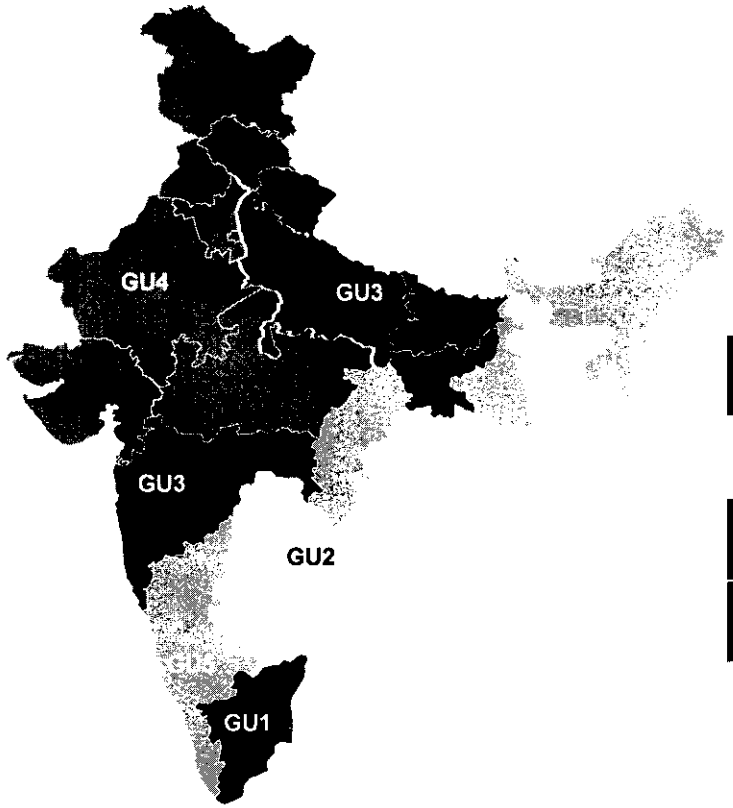
No. of STFC/SCUF customers who have taken other products from the Shriram Ecosystem	STFC	SCUF
	7 / 10	**5 / 10**

Aims to get at least 2 Products Per Customer by FY24

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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
[illegible]	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

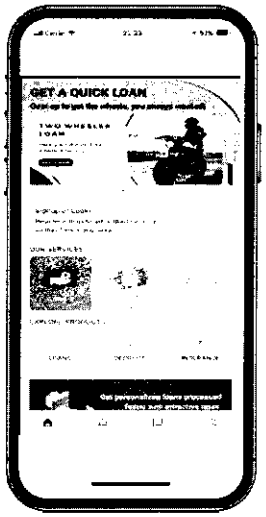
MyShriram



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

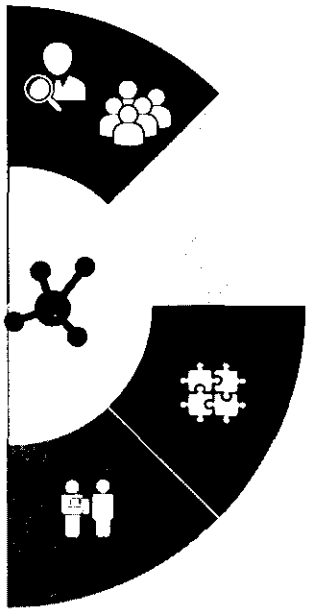
Data as of 30th September 2021

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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

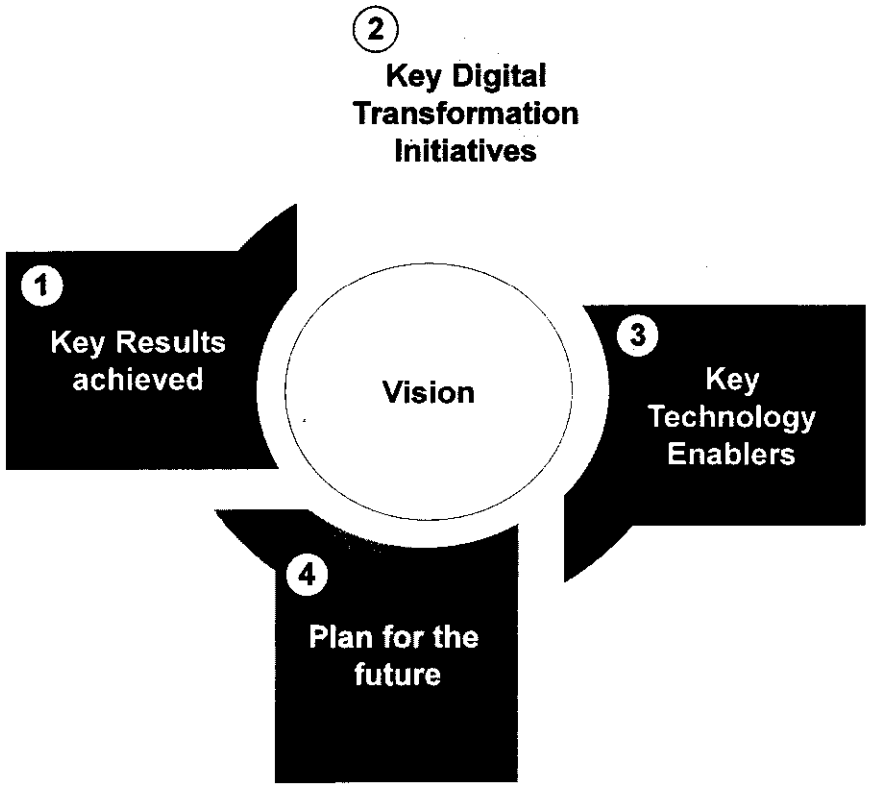
- Integration is a priority along with ensuring customer servicing levels
- Products like Gold Loan will take additional infrastructure support at the branches
- In 6 – 12 months our products will be available in most of the branches (post economic viability assessment)

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 One Platform	**Bring all products offered by the Shriram group on one platform**

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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

- **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

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

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Key Digital Transformation Initiatives

Digital Presence

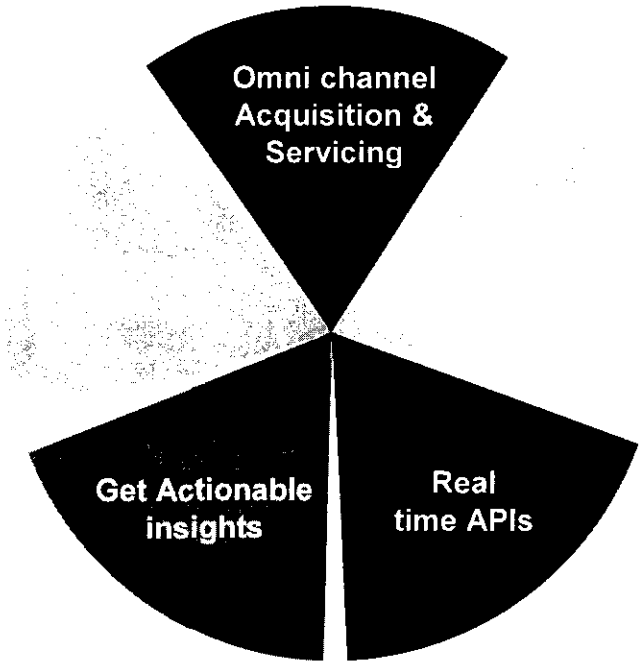
- Website
- Mobile App
- Paid media – FB | Instagram | SEO | WhatsApp

Digital Engagement

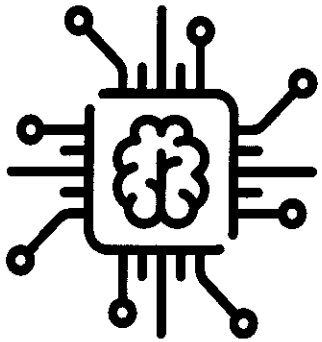
- Lead Form
- Wish list
- Pre Approved
- SMS / Email – With Link to lead form or offer Page

Digital Business

- Digital lending business
- Insurance Policy management
- Marketplace



CORE DIGITAL



Grow Business

Transform Digitally

Increase Efficiency

Reduce Time

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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

Customer on boarding	Qualify the customers	Income Verification & Credit Decisioning	Digital KYC	OPS & Disbursements
Web/ Mobile SDK	Run MCP rules	Financial Assessment	CKYC	Digital Loan Agreement
DSA Sourcing	Verify customer entered data	Automated / Manual Underwriting	Digilocker	e-Mandate
Campaign	Give Instant Approval	Real time credit decisioning updates on customer application journey	VKYC	e-Sign
				
UTM Tracking	Configurable Business Rule Engine for MCP	Credit One View & Dashboards	Modular and configurable	Digital Process
Capture Application data	3rd party API for PAN, Employer and Bureau checks	Workflow for exception and deviation cases	Address Match and Photo Match	Core Banking Agnostic
Check pre-approved offers	App Score	E2E Credit decision Tracking and case allocation	RBI Compliant	API Driven Disbursements
E2E Application Tracking	Configurable Business Rule Engine for Final Offer calculation			
E2E Application Tracking	**Final Approval in less than 1 min**	**Automated UW**	**Digital KYC**	**STP Disbursements**

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Embarked on the Journey of "Shriram One" App – Key Objectives



Communication
- Digital Workflow touch points
- Personalized customer nudges

Product Support
- Retention and re-tapping
- Referral management

Customer Service
- WhatsApp based service – instant response
- DIY process

One Data Residency
- Centralized Data Management
- Data mart and models

Customer Experience
- A-Z customer experience
- On the go assist models

Increasing FPC
- Increase services to the customer
- Introduce add-on models

Life cycle management
- Mobile 2.0 approach
- 360 view on the product/person

Increasing PPC
- Customized products
- Digital solutions and flows

Leverage Partnerships
- Creating 360 degree eco system
- Building a wider customer network

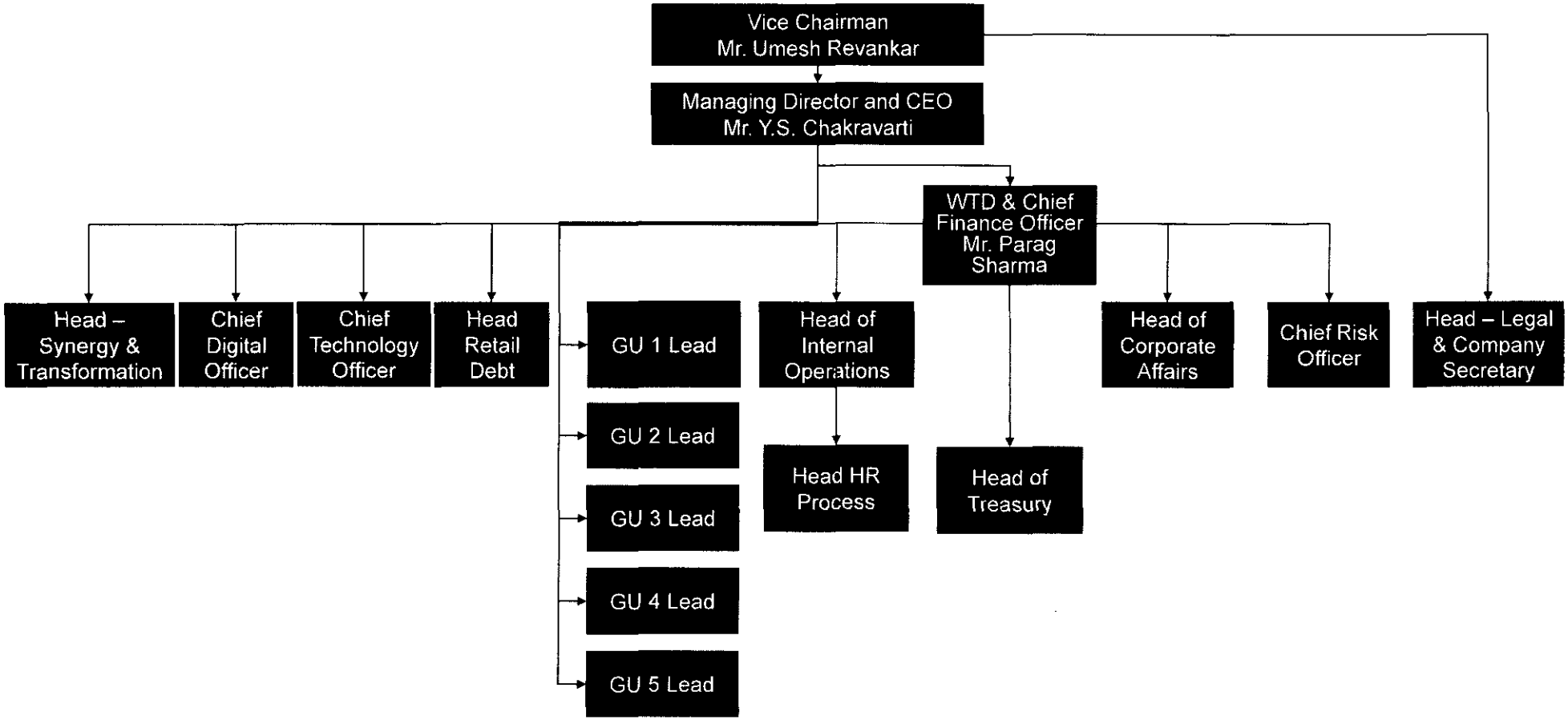
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Liabilities Strategy

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

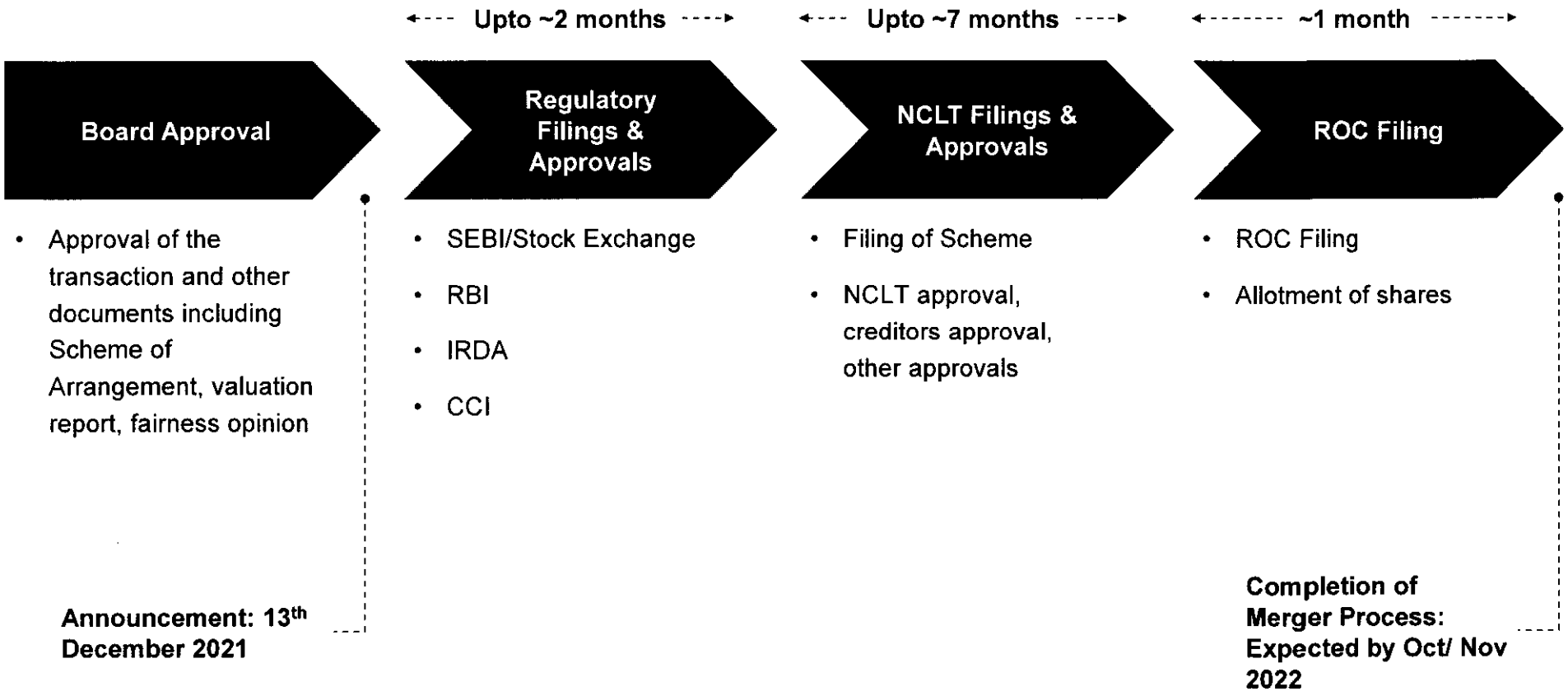
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Leadership Team of Merged Entity



Leveraging Depth of leadership across entities

Key Milestones, Expected Timelines and Approvals Required



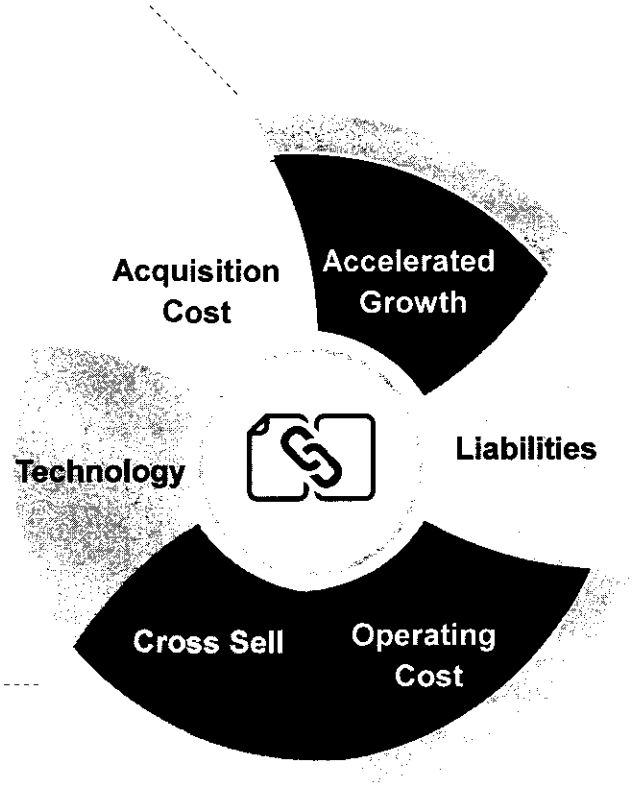
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Key Synergy Estimates

- 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