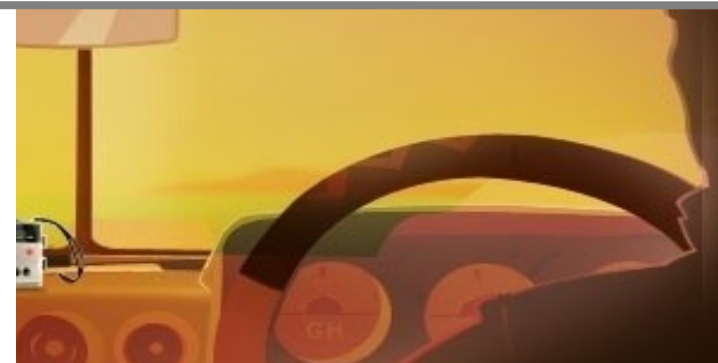


# Shriram Transport Finance Company Ltd.



## Corporate Presentation

December 2009

This presentation has been prepared by Shriram Transport Finance Company Limited (the “Company”) solely for your information and for your use and may not be taken away, reproduced, redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organization or firm) or published in whole or in part, for any purpose. By attending this presentation, you are agreeing to be bound by the foregoing restrictions and to maintain absolute confidentiality regarding the information disclosed in these materials.

The information contained in this presentation does not constitute or form any part of any offer, invitation or recommendation to purchase or subscribe for any securities in any jurisdiction, and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction. The information contained in these materials has not been independently verified. No representation or warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in these materials. Any forward-looking statements in this presentation are subject to risks and uncertainties that could cause actual results to differ materially from those that may be inferred to being expressed in, or implied by, such statements. Such forward-looking statements are not indicative or guarantees of future performance. Any forward-looking statements, projections and industry data made by third parties included in this presentation are not adopted by the Company, and the Company is not responsible for such third party statements and projections. This presentation may not be all inclusive and may not contain all of the information that you may consider material. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed. Neither the Company nor any of its affiliates, advisers or representatives accepts liability whatsoever for any loss howsoever arising from any information presented or contained in these materials.

**THIS PRESENTATION DOES NOT CONSTITUTE OR FORM ANY PART OF ANY OFFER, INVITATION OR RECOMMENDATION TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES IN THE UNITED STATES OR ELSEWHERE.**

**1**

**Company Overview**

**2**

**Business Analysis**

**3**

**Financial Performance**



**ONE OF INDIA'S LARGEST ASSET FINANCING NBFC**

*All figures in US\$ unless stated otherwise: US\$/INR: 46.43*



# 1 Company Overview



# One of the Leaders in High-Yield Pre-Owned CV Financing

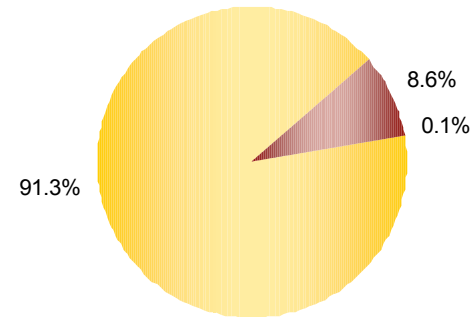
- ❑ **Shriram Transport Finance Company Limited (STFC) is one of the largest asset financing NBFC** with approximately 20-25%<sup>(1)</sup> market share in pre-owned and approximately 7-8%<sup>(2)</sup> market share in new truck financing
- ❑ **Strategically present in high yield - pre-owned CV financing** with expertise in loan origination, valuation and collection
- ❑ **Expanded product portfolio** to include financing of tractors, small commercial vehicles, 3-wheelers, passenger commercial vehicles and construction equipment
- ❑ **Large customer base** in excess of 0.6 mn as of September 30, 2009
- ❑ **Employee strength** of approximately 11,926 including 6,188 product/credit executives as of September 30, 2009
- ❑ **Listed on the National Stock Exchange and Bombay Stock Exchange** with a market capitalisation of over US\$ 2.0 bn
- ❑ **Equity investment** from reputed private equity and institutional investors including TPG Newbridge<sup>(3)</sup>

## Large Assets Under Management (as of September 30, 2009)

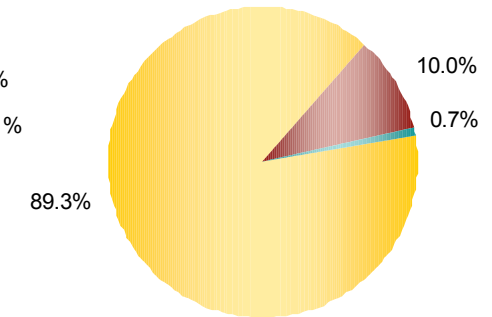
- ❑ Total Assets Under Management (AUM) of US\$ 5.6 bn
  - Pre-Owned CV: Approximately US\$ 4.4 bn
  - New CV: Approximately US\$ 1.2 bn

## Operating Revenue Break Up

**FY09 – US\$ 790.0 mn**



**HI FY10 – US\$ 449.4 mn**



■ Fund Based    ■ Income from Securitisation    ■ Fee Based

## Extensive Distribution Network

- ❑ Pan-India presence through a network of
  - 55 Strategic Business Units (SBUs)
  - 482 branch offices
- ❑ Partnership with over 500 Private Financiers

(1) Estimated as total vehicles financed by STFC/total new vehicles sold in India over the last 5-12 year period. Undue reliance should not be placed on such market share data

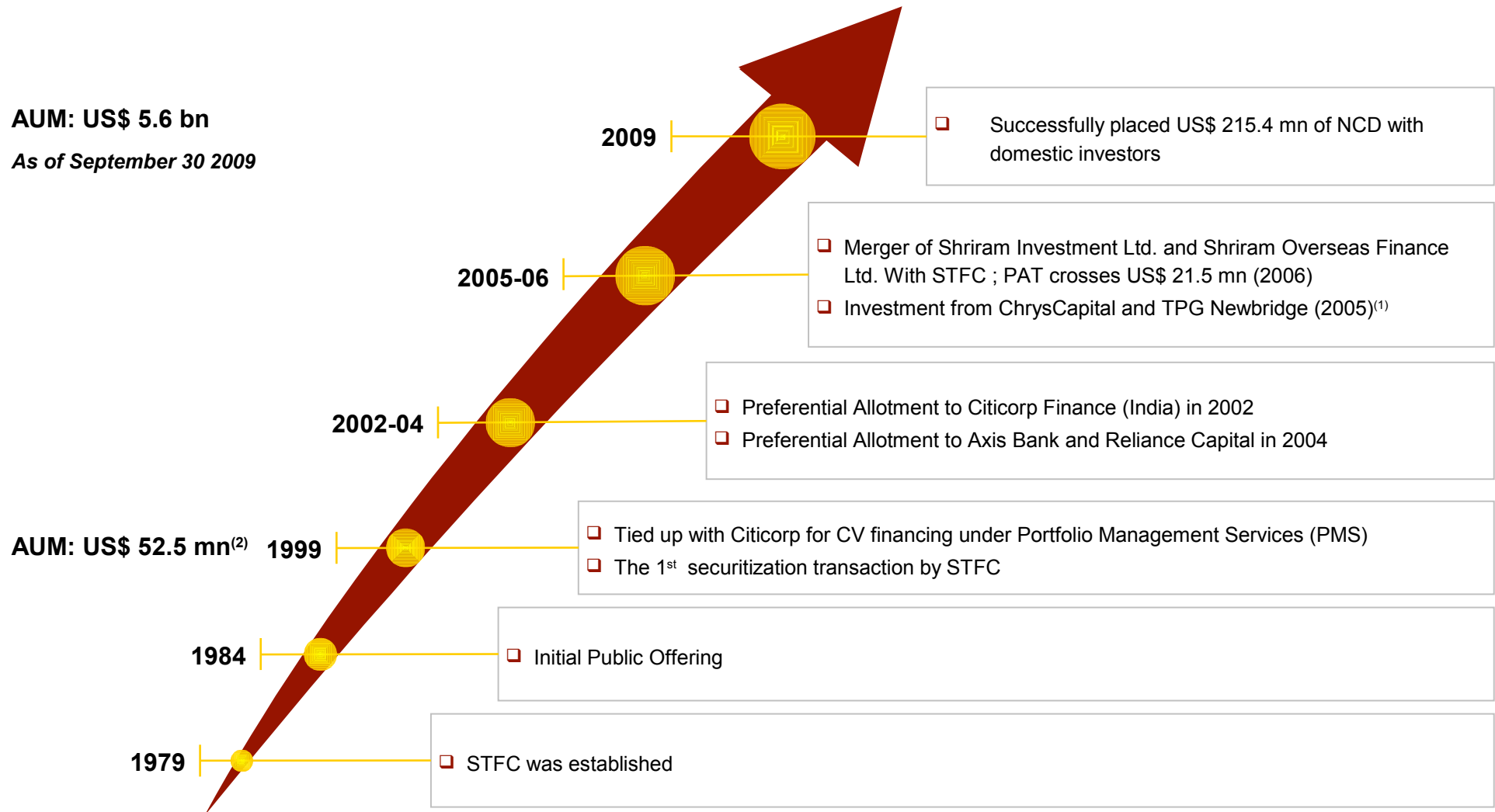
(2) Estimated on basis of new vehicles sold. Undue reliance should not be placed on such market share data

(3) TPG Newbridge investment is in the holding company i.e. Shriram Holding Madras Pvt. Limited

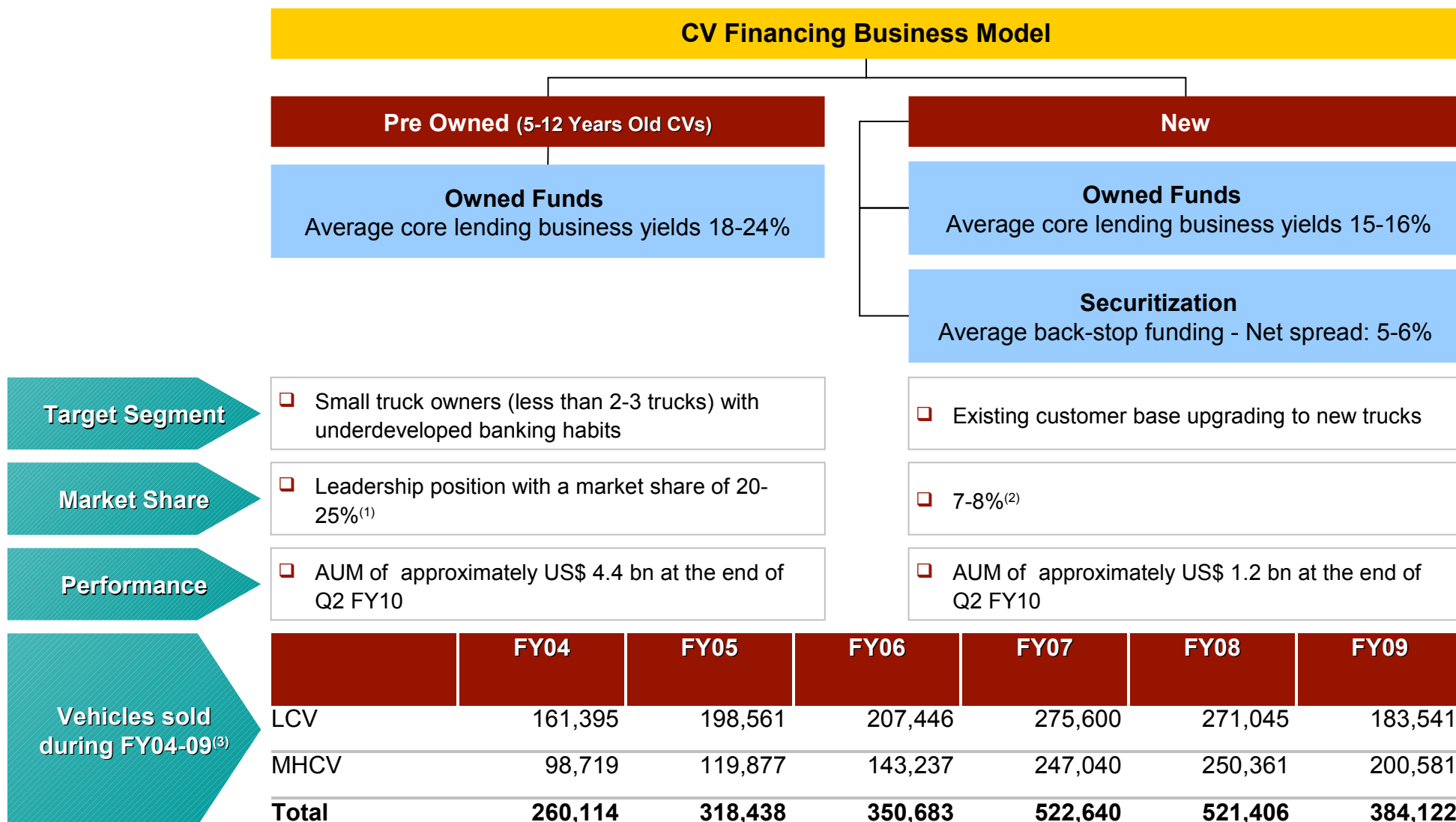
# Corporate History

**AUM: US\$ 5.6 bn**

*As of September 30 2009*



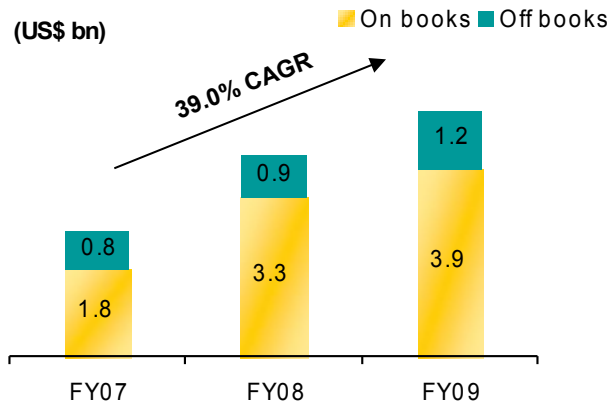
(1) TPG Newbridge investment is in the holding company i.e. Shriram Holding Madras Pvt. Limited  
 (2) Prior to merger with Shriram Investment Limited and Shriram Overseas Finance Limited in FY 05



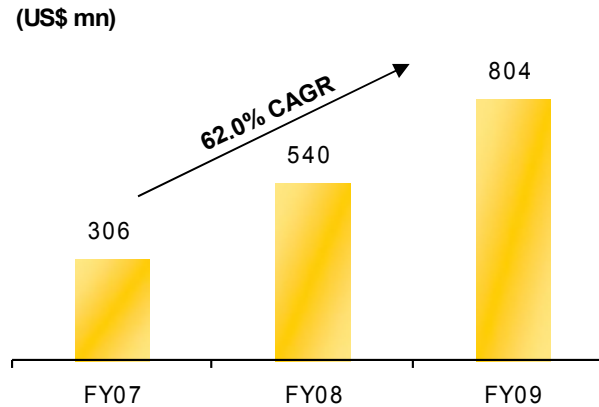
(1) Estimated as total vehicles financed by STFC/total new vehicles sold in India over the last 5-12 year period. Undue reliance should not be placed on such market share data  
 (2) Estimated on basis of new vehicles sold. Undue reliance should not be placed on such market share data  
 (3) Source for vehicle sales: SIAM

# Key Operating Metrics

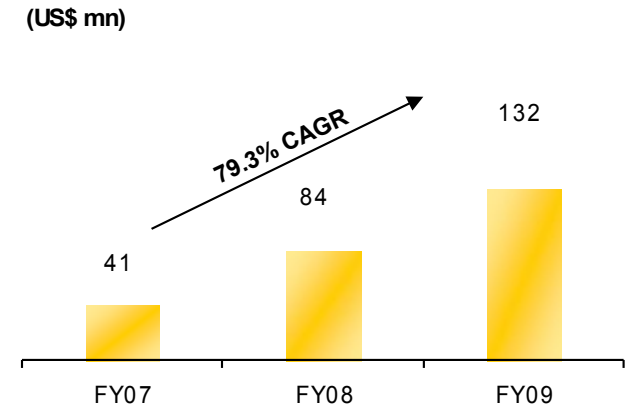
## Assets Under Management



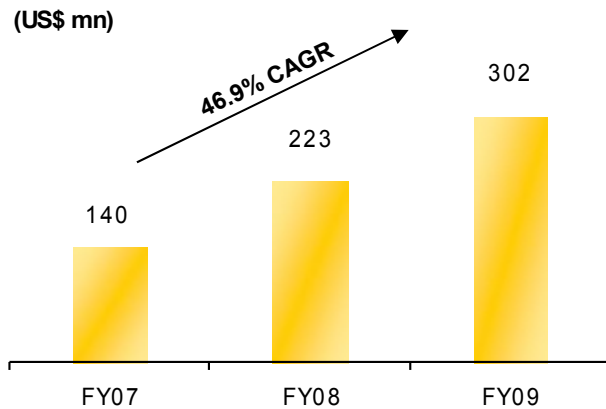
## Total Income



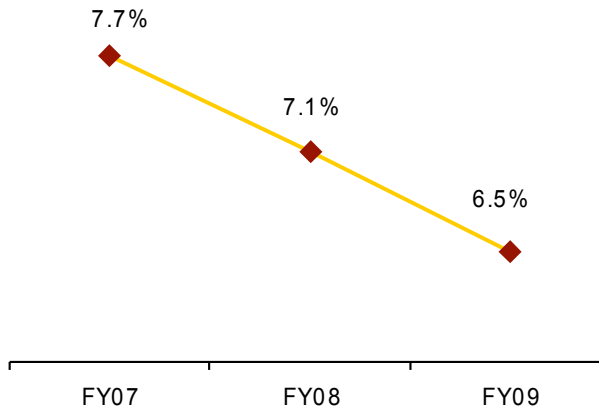
## Net Profit



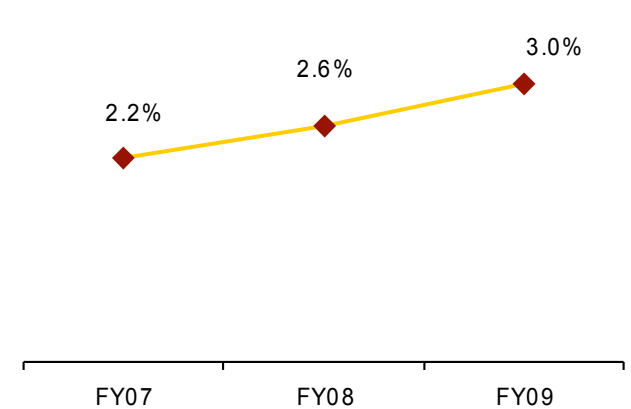
## Net Interest Income



## Net Interest Margin (NIM)<sup>(1)</sup>



## Overhead Cost/ Average Total Assets



(1) Net interest Income /Average total interest bearing assets





## 2 Business Analysis



**1**

**Widespread Geographical Reach**

**2**

**Valuation Skills & Recovery/Collection Operation**

**3**

**Strong Balance Sheet**

**4**

**Strong Management Team**

**5**


**Organizational Structure: Credit Risk Focus**

**6**

**Strengthening Presence and Expanding Reach**

## Branch Locations Across India



 States with STFC Presence

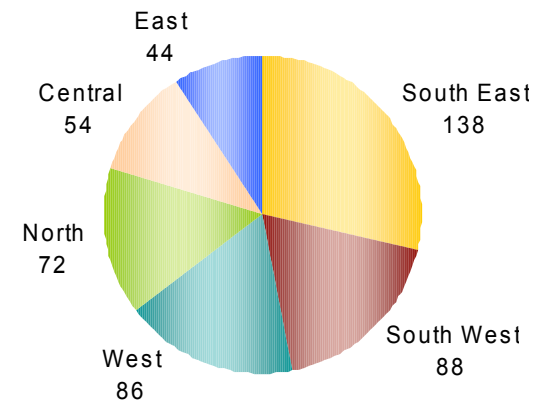
## Pan-India Presence

**55** SBUs

**482** Branch Offices

Tie up with **Over 500** Private Financiers

## Regional Split of Branches



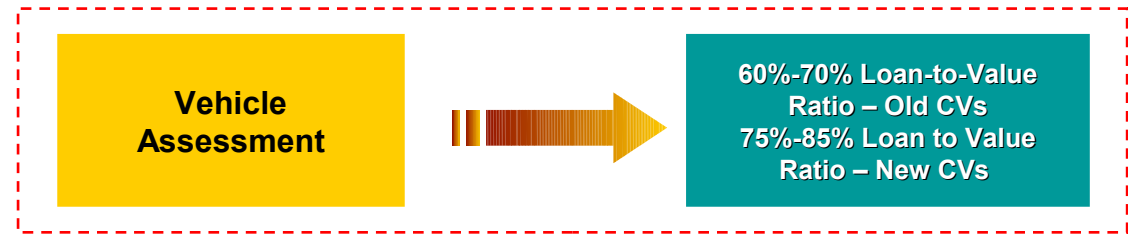
*As on September 30, 2009*

# 2 Valuation Skills & Recovery/Collection Operation: Leveraging on Relationships

## Valuation Skills:

- Considerable expertise in valuation of pre-owned trucks
- Valuation skills is critical to succeed in this space given that the amount of loan, EMI and a truck operator's ability to repay rests on the value of the truck

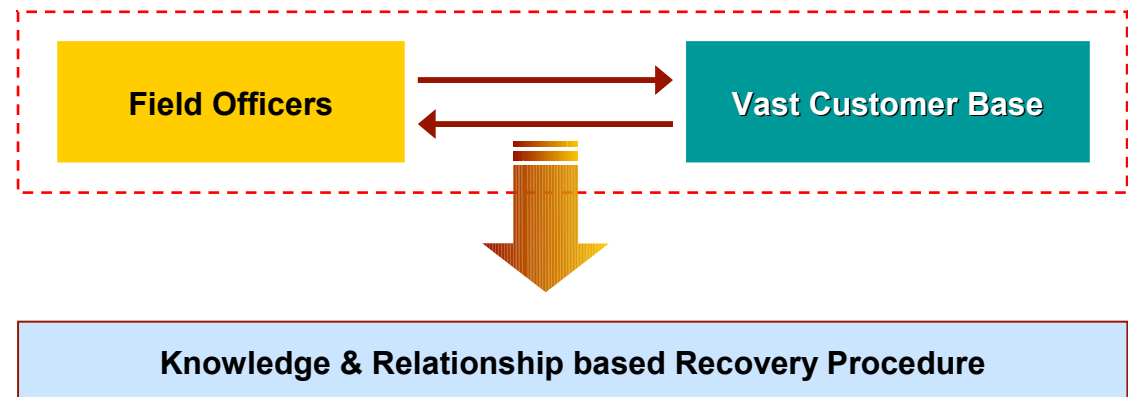
### Knowledge driven valuation model



## Recovery/Collection Operation:

- Due to underdeveloped banking habits of small truck operators, a large part of monthly collections is in the form of cash
- Compulsory monthly visits to borrowers by field officers help in managing large cash collections
- Continuous monitoring of disbursed loans

### In-house Administered Loan Recovery



*Experience in credit appraisal & recovery/collection operations has lead STFC to become one of the leading organized players in the sector*

### Prudent Credit Norms

- ❑ Substituted formal credit evaluation tools, such as IT returns and bank statements, with personal understanding of the customers' proposed business model
- ❑ Client and truck-wise exposure limits

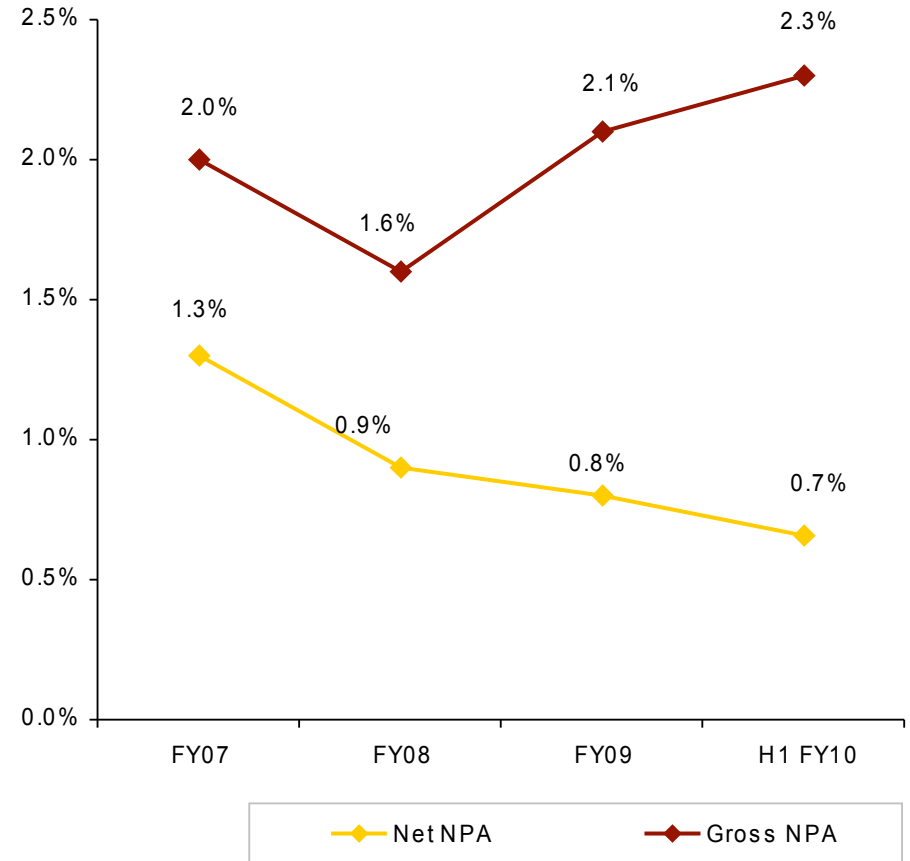
### Reasons for Low Delinquency

- ❑ Asset backed lending with adequate cover
- ❑ Assets are easy to repossess with immediate liquidity
- ❑ Target segment generally operates on state highways and short distances, ferrying essential commodities

### Incentive Schemes

- ❑ Well-defined incentive plan for field officers to ensure low default rates
- ❑ Field officers are responsible for recovery of loans they originate

### NPA Levels



**72% coverage between Gross/Net NPA**

## Has Attracted Strong Interest from Quality Investors

- ❑ **Consistent track record and high growth potential has attracted reputed institutional and private equity investors to infuse growth capital**
- ❑ **Converted 8 mn optionally convertible warrants at a price of Rs 300 (US\$ 6.5) per share in June, 2009 issued through preferential allotment in December, 2007**
- ❑ **Capital Adequacy ratio as of September 30, 2009: 16.69 %**

Key Shareholders*	Current Shareholding (Mn Shares)	% age
Shriram Holdings Madras Pvt. Limited <sup>(1)</sup>	93.37	43.89
Genesis Indian Investment Company	13.38	6.29
ICICI Prudential Life Insurance Company	12.15	5.71
CS Holdings Pvt. Limited	4.33	2.04
Fid. Funds (Mauritius) Limited	3.63	1.71
Reliance Life Insurance Company Limited	2.39	1.12
Columbia Acorn International	2.14	1.01
Sloane Robinson LLP A/C SR Global	2.12	1.00
Public & Others	79.23	37.24
<b>Total</b>	<b>212.74</b>	<b>100.00</b>

\*As on November 11, 2009

**Large Investments by major Institutional and Private Equity Investors**

# 3 Optimized Balance Sheet : Access to Low Cost Funds



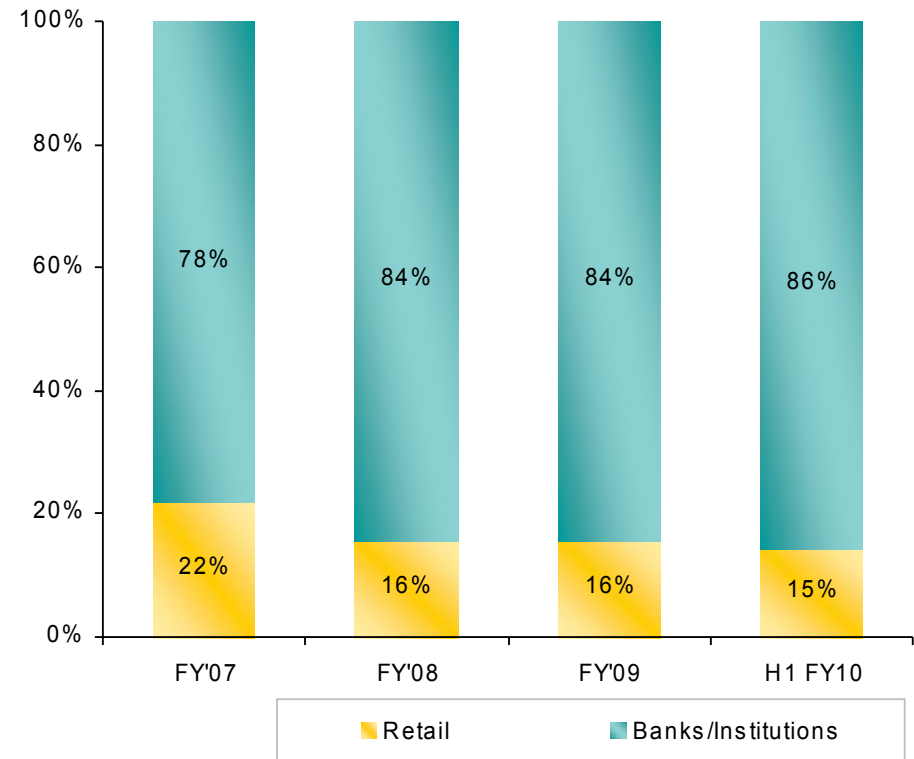
## Borrowings

- ❑ Strategic mix of retail deposits and institutional funding
- ❑ Average cost of funds declined over the years with increase in Bank/ Institutions liabilities
- ❑ Access to fixed rate long term loans of 3 - 5 years due to strong relationships with public, private sector, foreign banks and institutions

## Securitization

- ❑ Securitization of loan book at regular intervals to fund new originations and maintain growth momentum.
- ❑ Securitized assets portfolio stands at US\$ 1.2 bn at the end of Q2 FY10
- ❑ Conservative recognition of income on account of amortization of securitization income over the tenor of the agreements

## Improved Funding Mix as % of Overall Liabilities



## Credit Ratings

Long term rating: AA+ from CARE & AA from FITCH

Highest short term rating: F1+ from Fitch & P1+ from CRISIL

**R. Sridhar**  
*Managing Director*

- ❑ Over two decades of experience in financial services sector, especially in commercial vehicle financing
- ❑ Joined Shriram Group in 1985 and is serving as the Managing Director since September 2000
- ❑ Holds directorship in other Shriram Group companies
- ❑ Fellow member of the Institute of Chartered Accountants of India

**Umesh Revenkar**  
*Executive Director*  
– Operations

- ❑ Joined as an Executive Trainee in 1987 and looks after operations of the CV finance business
- ❑ Holds a degree in MBA Finance

**Parag Sharma**  
*President –*  
*Finance*

- ❑ Over 17 years experience in finance industry
- ❑ Joined in 1992 and now heads the Finance function
- ❑ A qualified Cost Accountant

**Sanjay K Mundra**  
*Vice President –*  
*Investor and Media*  
*Relations*

- ❑ Over 18 years experience in the NBFC Industry
- ❑ Joined in 2007



**Arun Duggal**  
*Chairman*

- ❑ Experienced International Corporate Business Advisor on financial strategy, M&A and capital raising
- ❑ Held important positions in Bank of America during his 26 years' tenure at various locations
- ❑ Presently, Director on board of Jubilant Energy Ltd., Patni Computers, Fidelity Fund Management, InfoEdge, LNG Petronet, Dish TV India, Hertz (India), Shriram Properties, Shriram City Union Finance , Shriram EPC Ltd. etc

**R Sridhar**  
*Managing Director*

- ❑ Over two decades of experience in financial services sector, especially in commercial vehicle financing
- ❑ Joined Shriram Group in 1985 and is serving as the Managing Director since September 2000
- ❑ Holds directorship in other Shriram Group companies
- ❑ Fellow member of the Institute of Chartered Accountants of India

**Adit Jain**  
*Director*

- ❑ Currently Managing Director of IMA India and a Non-Executive Director on the Board of Sanmar Group, International Assets Reconstruction Company and PR Pundit
- ❑ Holds degrees in Mechanical Engineering and Business Administration

**S Venkatakrishnan**  
*Director*

- ❑ Retired from the IAS. Served at senior positions in Finance Audit & Accounts departments of the government and other public undertakings
- ❑ Has been serving an advisor to Shriram Transport Finance for over a decade and is also on the Board of other Shriram Group companies

**Mayashankar Verma**  
*Director*

- ❑ Former Chairman of State Bank of India, with nearly five decades of experience in Indian financial sector
- ❑ Held various critical positions as Advisor to RBI, Chairman IDBI Bank and Chairman TRAI

**Mukund Manohar  
Chitale**  
*Director*

- ❑ Practicing Chartered Accountant. Former President of Institute of Chartered Accountants of India
- ❑ Serves as Director on the Boards of L&T Ltd, ASREC (India) Ltd, Ram Ratna Wires Ltd, ONGC, Mangalore Petrochemicals Ltd. and Itz Cash Card Ltd

**Puneet Bhatia**  
*Director*

- ❑ Partner of TPG Capital and country Head – India for TPG’s Asian Business
- ❑ Former Chief executive of the Private Equity Group for GE Capital India
- ❑ Holds a degree in Commerce and an MBA from IIM, Calcutta

**Subramanian  
Lakshminarayanan**  
*Additional Director*

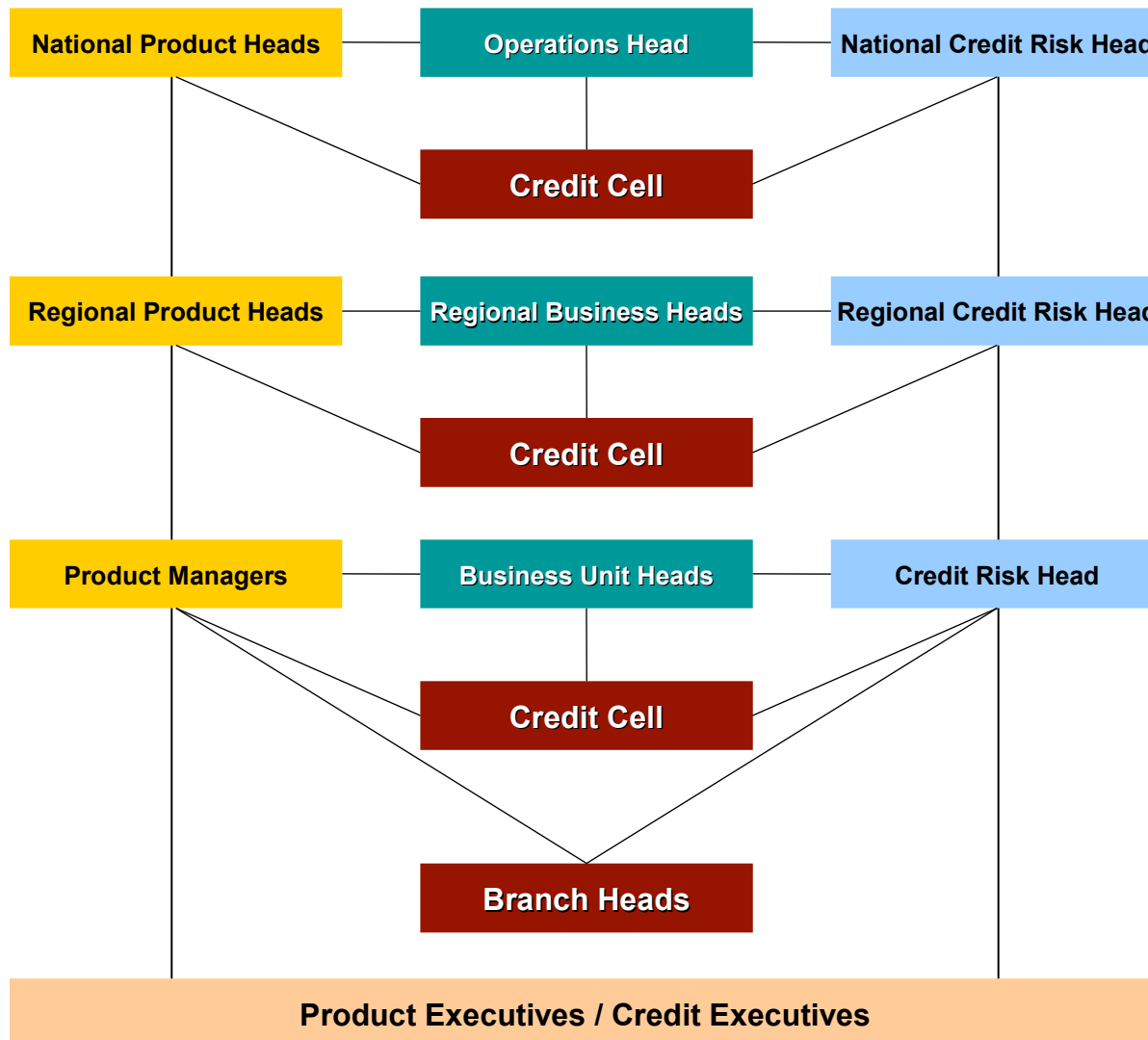
- ❑ Member of Indian Administrative Services (IAS – retired)
- ❑ Served at senior positions in the Ministry of Home Affairs, Ministry of Communication & IT etc.

**Ranvir Dewan**  
*Director*

- ❑ Senior Principal and Advisor to TPG Newbridge Capital
- ❑ Fellow member of the Institute of Chartered Accountants in England & Wales and a member of the Canadian Institute of Chartered Accountants

**Sumatiprasad M  
Bafna**  
*Director*

- ❑ Has extensive experience in the transportation business
- ❑ He currently serves on the board of directors of Seva Finance Ltd, Seva Transport Pvt. Ltd, Isuta Electronics (India) Ltd, Bafna Motors (Ratnagiri) Pvt Ltd, Kishore Transport Services Pvt. Ltd.



### Clearly Demarcated Responsibilities

- ❑ **Field Offices:**
  - Direct contact with customers for vehicle inspection & primary valuation, sales-lead generation, and collection & repossession in the case of default
- ❑ **Branch Officer (482 Branches) :**
  - Deciding the credit worthiness of individuals and arranging the necessary documentation
  - Each branch has ~15-20 employees, 8-10 field officers, 6-8 support staff
- ❑ **SBU Head (55 SBUs):**
  - Final deciding authority who oversees 8-10 branches

**Core Business**

- ❑ Leverage the large pan-India network to enhance reach in North & East India, particularly in large CV hubs
- ❑ To increase market share in pre-owned CV market

**Expanding the Pre-Owned CV Segment**

- ❑ Introduce top-up products such as finance for tyres, working capital and engine replacement

**Leveraging Private Financiers**

- ❑ Build partnership with private financiers in the unorganized market to leverage their local knowledge to enhance market share
- ❑ Partnered with more than 500 private financiers as of September 30, 2009

**Axis Bank co-branded credit cards**

- ❑ Tied up with Axis Bank to distribute credit cards to small truck owners
- ❑ Distributed 58,000 credit cards as of September 30, 2009

### Freight Bill Discounting

- Estimated market size of US\$ 1.3-1.5 bn<sup>(1)</sup> with higher yields than the existing CV financing business.

### Passenger Commercial Vehicle Financing

- Estimated market size of US\$ 1.5 bn<sup>(1)</sup> for FY 09 backed by growth in population and an improving road infrastructure

### Tractor Financing

- Market experiencing growth with increasing policy thrust on agricultural mechanization.
- The used tractor financing market is estimated at US\$ 4.1bn<sup>(1)</sup> in FY09

### Construction Equipment Financing

- Market expected to grow at an annual rate of 30% to reach over US\$ 6.5 bn<sup>(2)</sup> in 2010 driven by huge infrastructure spending during the 11<sup>th</sup> 5-Year Plan estimated at approximately US\$ 431 bn
- This business would be through our 100% subsidiary Shriram Equipment Finance Pvt Ltd under an independent management which would focus on end-to-end equipment financing

### Truck Bazaar

- Platform to facilitate buyers and sellers to meet for sale of pre-owned CVs, where STFC can earn commission fees through its advisory services and also provide financing to the buyer
- STFC is creating a market for pre-owned trucks and such Bazaars are held in every branch once a month

(1) Company estimates

(2) Industry estimate

# 6 Innovative Marketing: AutoMalls & Electronic Touch Screen Kiosks

## AutoMalls



- ❑ Pre-owned commercial vehicle hubs across India for sale of:
    - Pre-owned vehicles
    - New & refurbished pre-owned CVs manufactured by various manufacturers (“*Shriram New Look*”)
    - Repossessed vehicles with various financing companies
  - ❑ AutoMalls would be a one-stop shop for all CV owners needs with facilities like workshops etc.
  - ❑ STFC intends to provide electronic advertising and trading infrastructure at these AutoMalls
  - ❑ The initiative would help STFC market its financial products and develop new customers
- STFC intends to open its first AutoMall by Q4 FY10 and gradually expand to 50-60 AutoMalls over 12-15 months*

## Touch Screen Kiosks



- ❑ Physical Truck Bazaars shall be replaced by electronic Touch Screen Kiosks
- ❑ Kiosks are to be installed at branches and AutoMalls
- ❑ All data pertaining to vehicles including photographs shall be available at these kiosks

*These initiatives would help STFC establish a presence at the “Entry Point” for sale of pre-owned CV s*



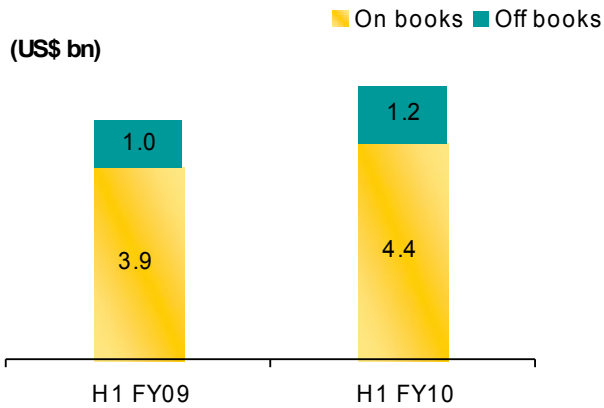
3

## Financial Performance

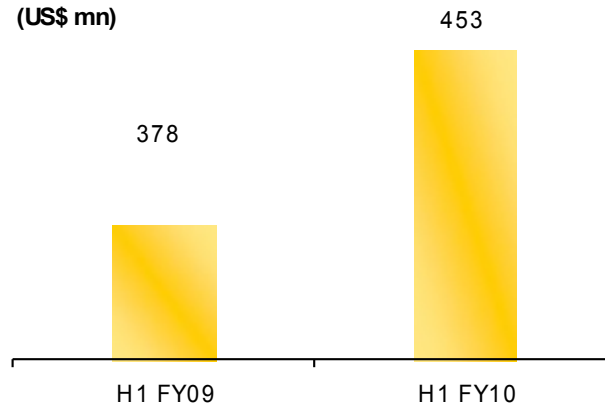


# Key Operating Metrics

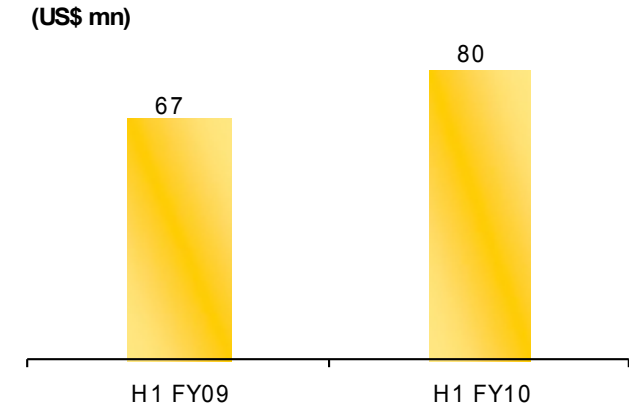
## Assets Under Management



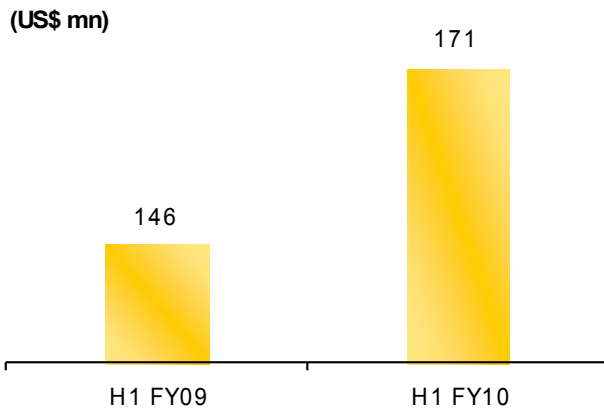
## Total Income



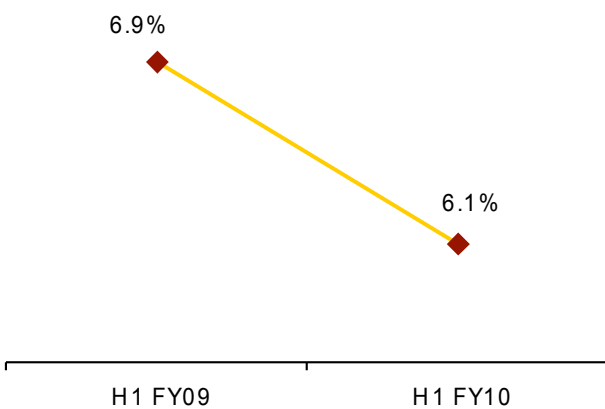
## Net Profit



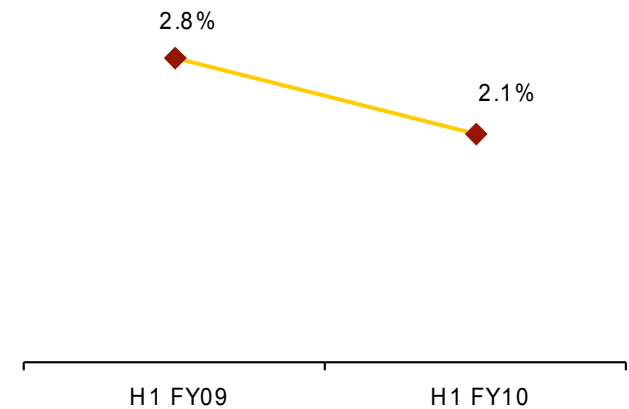
## Net Interest Income



## Net Interest Margin (NIM) <sup>(1)</sup>



## Overhead Cost/ Average Total Assets



(1) Net interest Income/Average total interest bearing assets



# Profit and Loss Statement

	<i>US\$ mn</i>					
<b>Profit &amp; Loss Statement</b>	<b>H1 FY09</b>	<b>H1 FY10</b>	<b>Growth</b>	<b>FY08</b>	<b>FY'09</b>	<b>Growth</b>
Income from Financing operations						
- Fund Based	338.6	401.3	<b>19%</b>	500.5	721.2	44%
- Income from Securitization	34.9	44.8	<b>29%</b>	35.7	68.3	91%
- Fees for trading	-	3.2				
- Fee based	0.3	0.0	<b>(85%)</b>	1.3	0.5	<b>(62%)</b>
<b>Operating Income</b>	<b>373.7</b>	<b>449.4</b>	<b>20%</b>	<b>537.4</b>	<b>790.0</b>	<b>47%</b>
Interest expended	189.7	229.0	<b>21%</b>	277.7	415.2	50%
Personnel cost	21.3	23.6	<b>10%</b>	27.0	43.2	60%
Operating expenditure	36.2	34.3	<b>(5%)</b>	52.1	76.3	47%
<b>Core Operating Profit (before Provisions &amp; Contingencies)</b>	<b>126.5</b>	<b>162.6</b>	<b>29%</b>	<b>180.7</b>	<b>255.3</b>	<b>41%</b>
Other Income	3.1	1.2	<b>(62%)</b>	2.9	8.9	201%
<b>Operating Profit</b>	<b>129.6</b>	<b>163.7</b>	<b>26%</b>	<b>183.6</b>	<b>264.1</b>	<b>44%</b>
Provisions for Bad Debts	30.8	44.6	<b>45%</b>	53.1	65.9	24%
<b>PBT</b>	<b>98.8</b>	<b>119.1</b>	<b>21%</b>	<b>130.5</b>	<b>198.3</b>	<b>52%</b>
Tax	32.2	39.1	<b>21%</b>	46.5	66.4	43%
<b>PAT</b>	<b>66.6</b>	<b>80.1</b>	<b>20%</b>	<b>84.0</b>	<b>131.9</b>	<b>57%</b>
<b>EPS (US\$)</b>	<b>0.3</b>	<b>0.4</b>	<b>17%</b>	<b>0.4</b>	<b>0.6</b>	<b>49%</b>
<b>Book Value (US\$)</b>	<b>2.3</b>	<b>3.0</b>	<b>31%</b>	<b>1.9</b>	<b>2.5</b>	<b>27%</b>

# Balance Sheet



US\$ mn

Balance Sheet	FY08	FY09	Growth (08-09)	H1 FY10	Growth (09-HI 10)
<b>Liabilities:</b>					
Shareholder Funds					
Equity Capital	43.8	43.8	0%	45.6	4%
Reserves	347.4	455.1	31%	579.9	27%
Preference Capital					
Loans					
Secured	2,486.5	3,612.9	45%	3,989.0	10%
Unsecured	695.3	720.8	4%	608.4	(16%)
Current Liabilities	327.2	464.9	42%	490.4	5%
Deferred Tax Liability	7.7	-		-	
<b>Total</b>	<b>3,907.9</b>	<b>5,297.6</b>	<b>36%</b>	<b>5,713.4</b>	<b>8%</b>
<b>Assets:</b>					
Fixed Assets	30.7	28.9	(6%)	16.9	(42%)
Loans & Advances	14.8	14.9	0%	20.0	34%
Cash & Bank balances	269.3	1,155.5	329%	964.8	(17%)
Investments	298.3	141.0	(53%)	224.2	59%
Truck receivables	3,256.3	3,859.9	19%	4,384.4	14%



Thank You

