



Investor Presentation

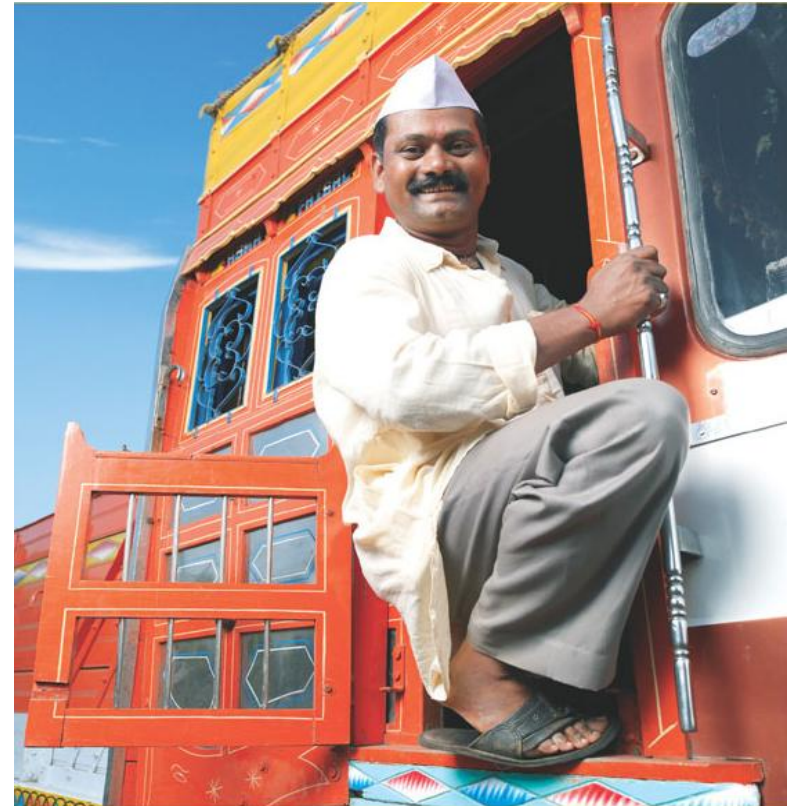
Shriram Transport Finance Company Ltd.



July 31, 2008



- 1** **Company Snapshot**
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INDIA'S LARGEST ASSET-FINANCING NBFC.

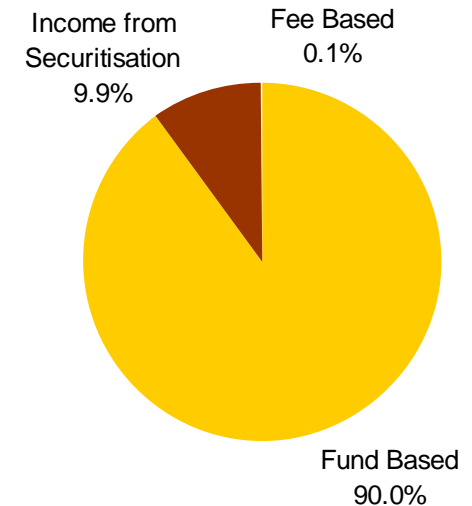


Company Snapshot

- **Largest asset financing NBFC** with 20-25% market share in pre-owned and 7-8% 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 CVs and earth moving construction equipment
- **Large customer base** in excess of 0.6mn
- **Employee strength of 10,726 including 5,905 field officers**
- **Listed on the National Stock Exchange and Bombay Stock Exchange with a market capitalisation of over Rs 60bn**
- **Equity investment from reputed private equity and institutional investors** like TPG Newbridge, ChrysCapital, Citicorp, Tiger Global, Blue Ridge, Morgan Stanley and Axis Bank

Revenue Break Up

Q1 FY'09 - Rs 8,353.4mn



Large Assets Under Management

- ❑ Total Assets Under Management of Rs 206.78bn
 - Pre-Owned CV: Rs 149.22bn
 - New CV: Rs 57,56bn

Extensive Distribution Network

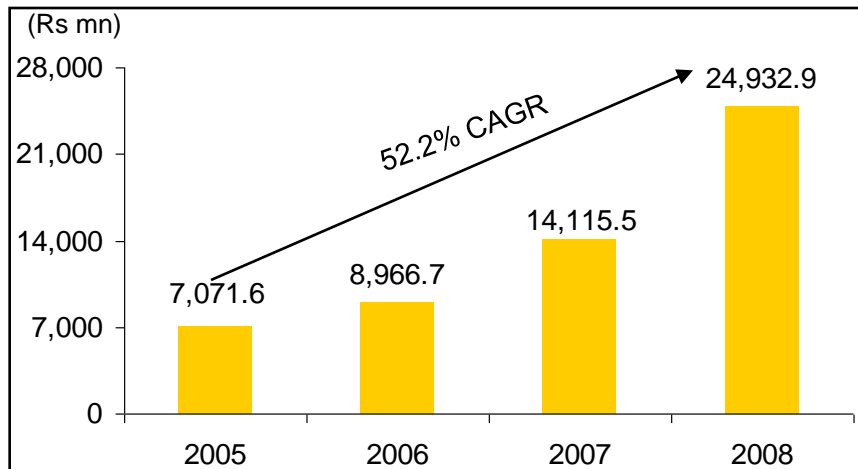
- ❑ Low-cost pan-India presence through a network of
 - 50 Strategic Business Units (SBUs)
 - 450 branch offices
- ❑ Partnerships with 500 Private Financiers

Well positioned for future growth

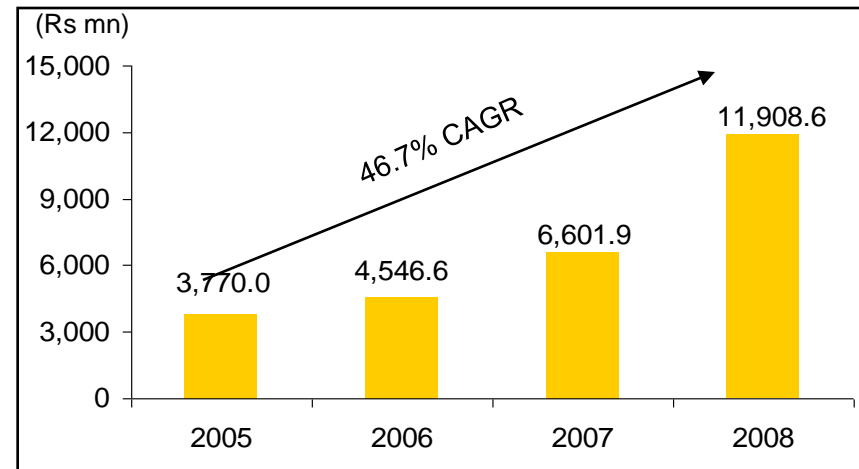
With a Strong Financial Track Record



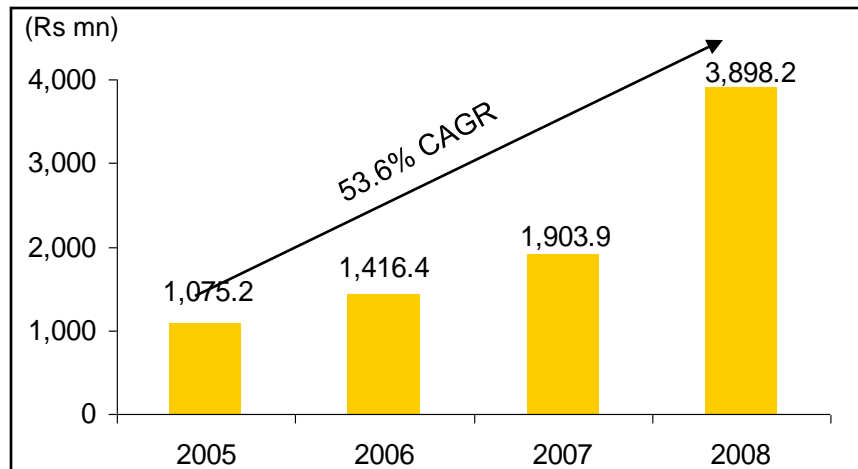
Total Income



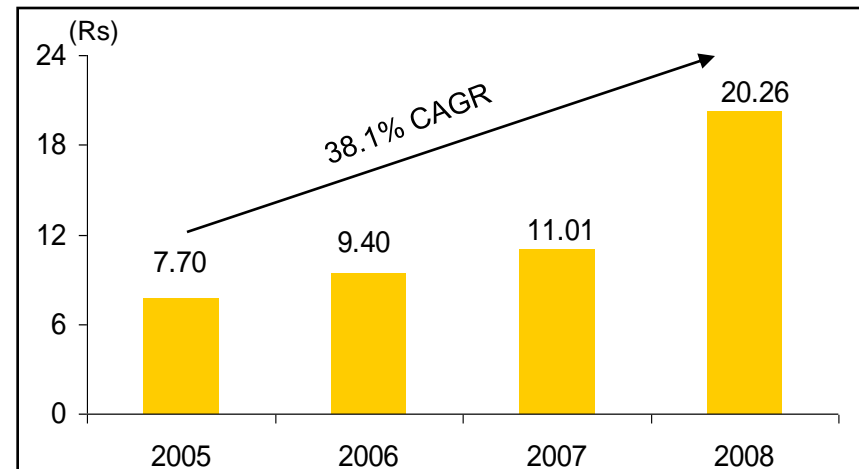
Net Interest Income



Net Profit



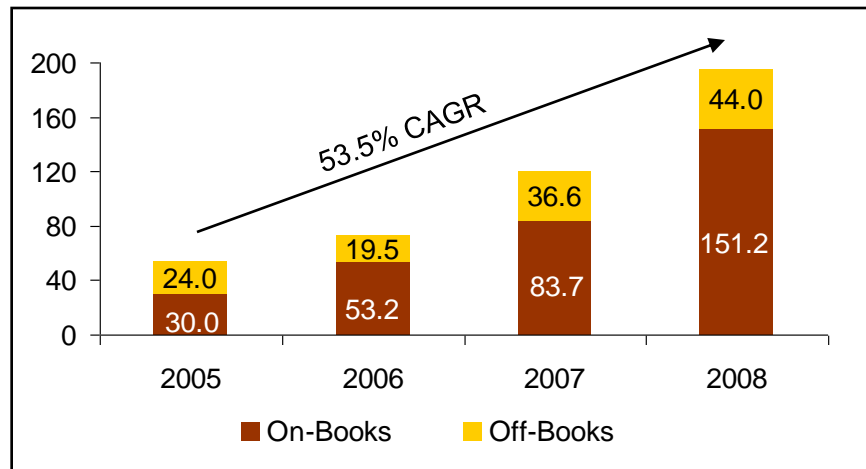
EPS



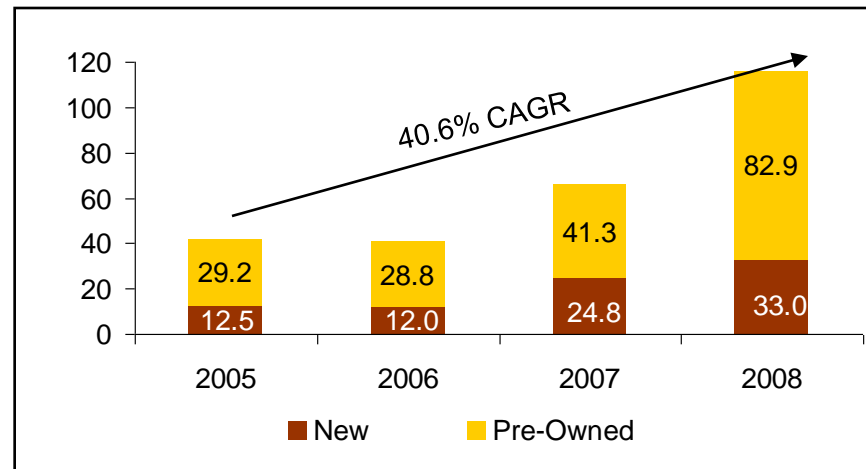
Driven by Fast Growth in AUM with Low NPAs



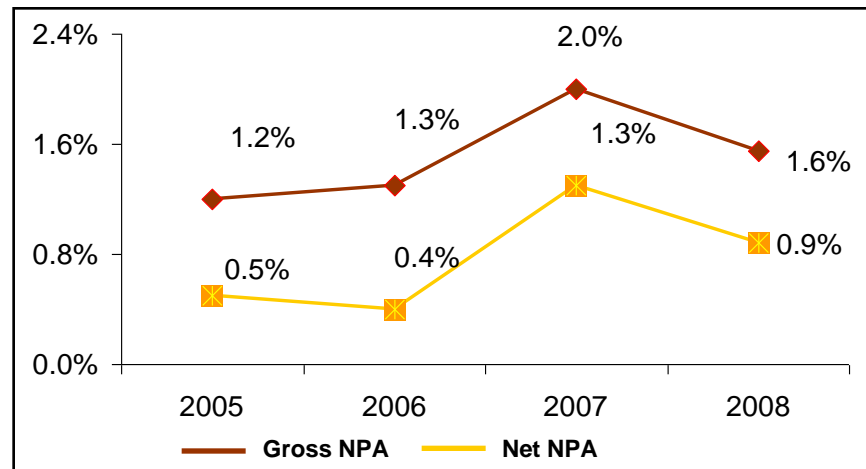
AUM (Rs bn)



Disbursements (Rs bn)



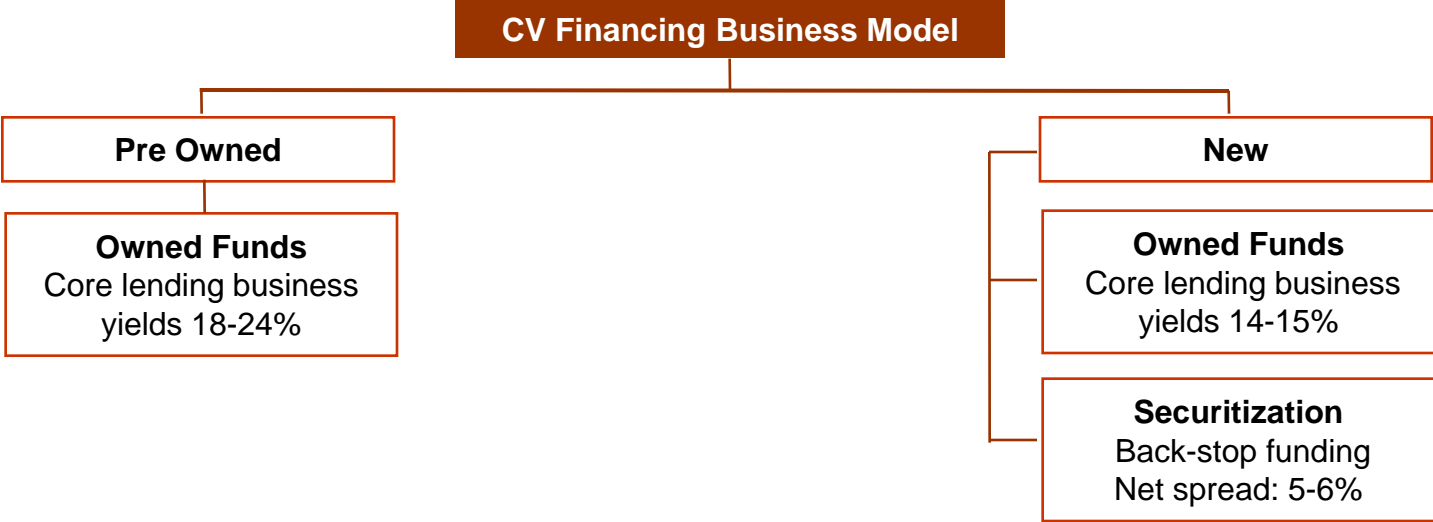
NPA Levels





Business Analysis

Vertically Integrated Business Model with Strong Entry Barriers



Pre-Owned

Target Segment

- ▶ Developed expertise in financing 5-12 year old trucks
- ▶ Servicing small truck owners (less than 2-3 trucks) with underdeveloped banking habits

Market Share

- ▶ Leadership position with a market share of 20-25%

Performance

- ▶ AUM reached to Rs 149.22bn at the end of Q1 FY'09

New

Target Segment

- ▶ Existing customer base upgrading to new trucks
- ▶ Allows the company to tap the replacement cycle at the point of sale or exchange i.e. buyer of new truck would be selling the pre-owned truck

Market Share

- ▶ 7-8%

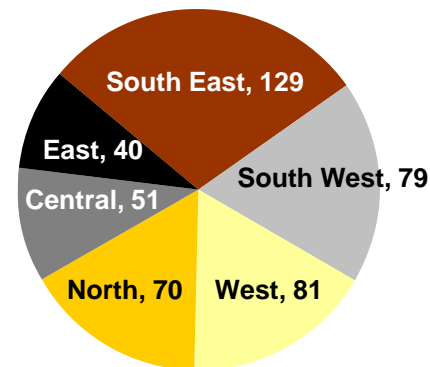
Performance

- ▶ AUM reached to Rs 57.56bn at the end of Q1 FY'09

Low Cost Pan-India Presence

- 50 SBUs
- 450 Branch Offices
- 500 Private Financiers

Regional Split of Branches



As on June 30, 2008

Strong Assets to Expand the Product Portfolio

Healthy Asset Quality In spite of Fast Growth

Prudent Credit Norms

- Substituted formal credit evaluation tools, such as IT returns and bank statements, with personal understanding of the customers' proposed business model
- Maintain client and truck-wise exposure limits
- Loan-to-value (LTV) ratio at 65% reducing chances of defaults

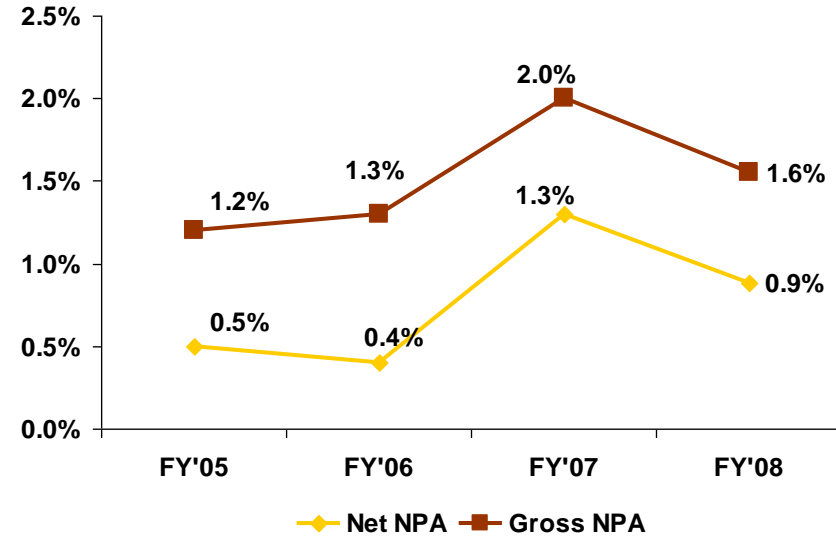
Efficient Collection Procedure

- Direct contact with customers and other market players, avoiding intermediaries
- Field officers make regular visits to their customers for collections
- Regular updates with regards to the financial position of the customer, enables the company to take adequate steps to reduce probability of credit loss

Incentive Schemes

- Well-defined incentive plan for field officers to ensure low default rates

NPA Levels



With Access to Low Cost Funds

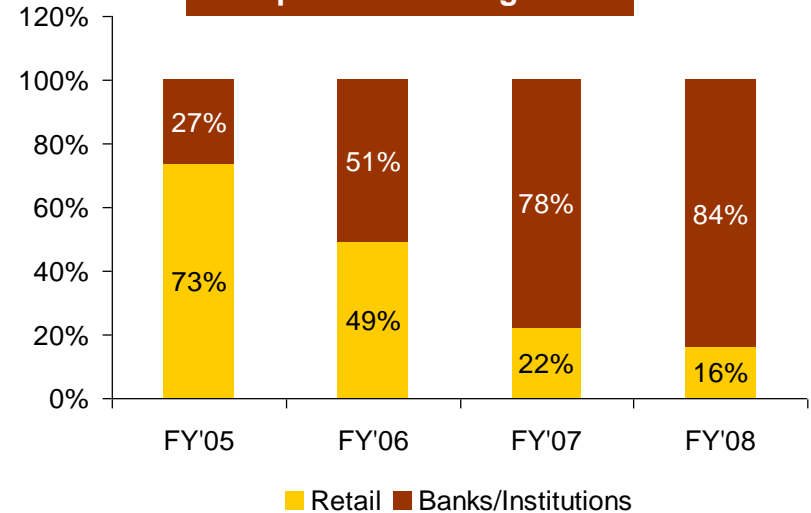
Borrowings

- Developed a strategic mix of retail deposits and institutional funding
- Decline in average cost of funds from 12.5% in FY'05 to 10.8% in FY'08 with reduction in high cost retail liabilities from 73% in FY'05 to 16% in FY'08
- Improved credit rating for term deposits/NCDs from tA (ind) to tAA(ind) over FY'04 to FY'08
- Access to fixed rate long term loans of 3 - 5½ years due to strong relationships with public, private sector and foreign banks

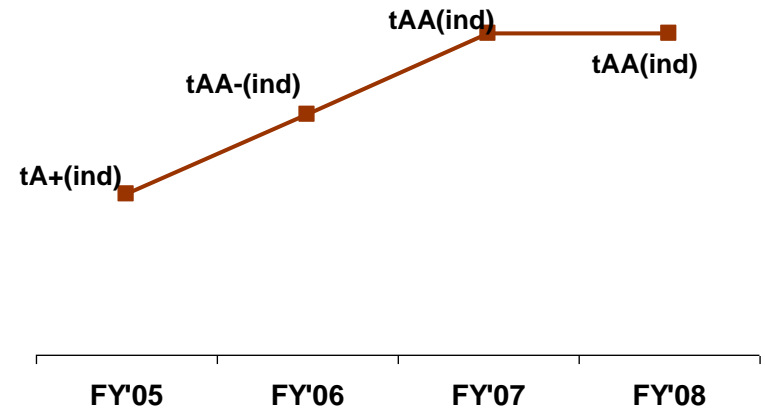
Securitization

- Securitization of loan book at regular intervals to fund new originations and maintain growth momentum. Securitized assets portfolio stands at Rs 42,043.0mn at the end of Q1 FY'09
- Conservative recognition of income on account of securitization over the tenor of the agreements

Improved Funding Mix



Term Deposit Credit Ratings



Well capitalized balance sheet providing access to low cost funds

Raised Adequate Equity to Sustain Growth

- Consistent track record and high growth potential has attracted reputed institutional and private equity investors to infuse growth capital
- Raised Rs 6,000mn through preferential allotment of equity shares and optionally convertible warrants at a price of Rs 300 per share in December, 2007

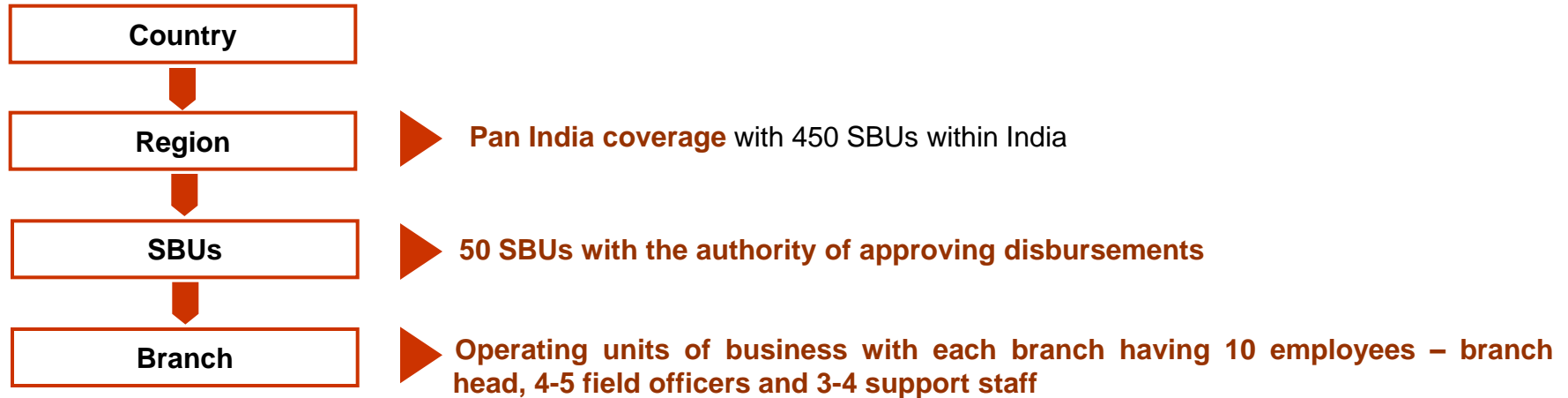
Key Shareholders	Current (Mn)	% age
Promoters + TPG Newbridge	85.37	42.01%
Chrys Capital	31.60	15.55%
Citicorp Finance	7.81	3.84%
Goldman Sachs Investments	6.06	2.98%
Blue Ridge Ltd and Affiliates	6.80	3.35%
Morgan Stanley	3.88	1.91%
Quantum	3.05	1.50%
Tiger Global	2.45	1.21%
Cophall	2.72	1.34%
Axis Bank	2.50	1.23%
Public and Others	50.97	25.08%
Total	203.22	100.00%

Note: As on June 30, 2008

Large Investments by major Institutional and Private Equity Investors

Management and Board of Directors

Organisation Structure



Clearly Demarcated Responsibilities

- ▶ **Field Offices:** Direct contact points with customers for vehicle inspection & primary valuation, sales-lead generation, and collection & repossession in the case of default.
- ▶ **Branch Officer:** Deciding the credit worthiness of individuals and arranging the necessary documentation
- ▶ **SBU Head:** Final deciding authority for disbursement

Customer Focused Approach

- Enjoys very low employee turnover as compared to industry standards
- Over 50% of compensation is variable, acting as strong incentive throughout the ranks as everyone's compensation depends on the performance of those directly reporting to him/her
- Initiated ESOP scheme to further lower the turnover rate and foster loyalty

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
- Looks after operations of CV finance business
- Holds a degree in MBA Finance

Parag Sharma

President – Finance

- Joined in 1992 and now heads the Finance function
- Over 15 years experience in finance industry
- A qualified Cost Accountant

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 including New York, San Francisco, Tokyo, Hong Kong, London, Manila and New Delhi
- Presently, Board of Director of Jubilant Energy Ltd., Patni Computers, Fidelity Fund Management, InfoEdge, LNG Petronet, Manipal AcuNova, Hertz (India), Shriram Properties, etc
- Served as the Board of Governor of National Institute of Bank Management and as Chairman of the American Chamber of Commerce, India
- Founder Director of Bellwether Microfinance Fund and Vice Chairman of Transparency International India

R Sridhar

Managing Director

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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
- Earlier served as VP and Head of M&A at Lazard India and Strategy Director with Stag Holdings Plc, UK.
- Holds degrees in Mechanical Engineering and Business Administration

S Venkatakrishnan

Director

- Retired IA & AS. Served at senior positions in Finance Audit & Accounts department of the government and other public undertakings
- Serving as Advisor of Shriram Transport Finance for over a decade
- Also on the Board of other Shriram Group companies

Mayashankar Verma

Director

- Former Chairman of State Bank of India, Mr. Verma is a career banker with nearly five decades of experience in Indian financial sector
- Held various critical positions as Advisor to RBI, Chairman IDBI Bank and Chairman TRAI
- Currently serves as Director on the Board of several Public and Private sector companies
- Chairman of International Asset Reconstruction Company Pvt Ltd, SREI Infrastructure Finance Ltd, The Bellwether Micro Finance Ltd and Asian Heart Institute and Research Center

Mukund Manohar Chitale

Director

- Practicing Chartered Accountant. Former President of Institute of Chartered Accountants of India
- Former Public Representative Director on the Stock exchange, Mumbai
- Serves as Director on the Boards of L&T Ltd, ASREC (India) Ltd, Ram Ratna Wires Ltd, Citigroup Global Services Ltd and Itz Cash Card Ltd
- Chairman of PNB Asset Management Co Pvt Ltd

Strong Board of Directors

Puneet Bhatia

Director

- Managing Director of TPG Capital
- Former Chief executive of the Private Equity Group for GE Capital India, handling portfolio of over dozen companies aggregating investments of over \$100mn
- Worked with ICICI Ltd. in its Project and Corporate finance group and with Crosby Securities as Senior Analyst
- Holds a degree in Commerce and an MBA from IIM, Kolkata

Ravindra Bahl

Director

- Over 30 years of experience primarily in financial services
- Former Citibank Country Manager for Retail Banking in India and Indonesia and a member of its Global Corporate Property Group that constituted the top 250 Citibank leaders around the globe
- Built and managed the Indian operations of eFunds, a transaction processing company
- Holds a degree in English Literature and an MBA from IIM, Kolkata.

Ranvir Dewan

Director

- Senior Principal and Advisor to TPG NewBridge Capital
- Served as an Executive VP and Chief Financial Officer of Standard Chartered First Bank in Seoul, Korea, for 6 yrs
- 13 year stint with Citibank, holding various senior positions in its international businesses
- Fellow member of the Institute of Chartered Accountants in England & Wales and a member of the Canadian Institute of Chartered Accountants

Sanjay Kukreja

Director

- Currently working with Chrys Capital. Has been instrumental in deploying over \$ 200mn across the financial services sector
- Also on Board of Directors of Titagarh Wagons Ltd and Spanco Telesystems Ltd
- Holds a degree in Economics from Shri Ram College of Commerce and an MBA from IIM, Bangalore. He has also completed an executive leadership course from ISB, Hyderabad

Dr. T.S. Sethurathnam

Director

- Former Chairman of M.P. Electricity Board. Held various senior positions in his 35 years stint with the Board
- Also served as Chairman of Western Regional Electricity Board, Chief Consultant to Power Finance Corporation, Consultant to Houston Industries, Arthur Anderson and various other companies
- He was in the past nominated by almost all financial Institutes as Nominee Director/Chairman to many Public Limited Companies. He is also presently serving as Director/Chairman by a few Public Limited Companies.
- Fellow Member of Indian Council of Arbitration and also Member of Management Consultancy of Turin, Canada, Member of The Institute of Management Consultants of India, Member of Institute of Training and Development.

Sumatiprasad M. Bafna

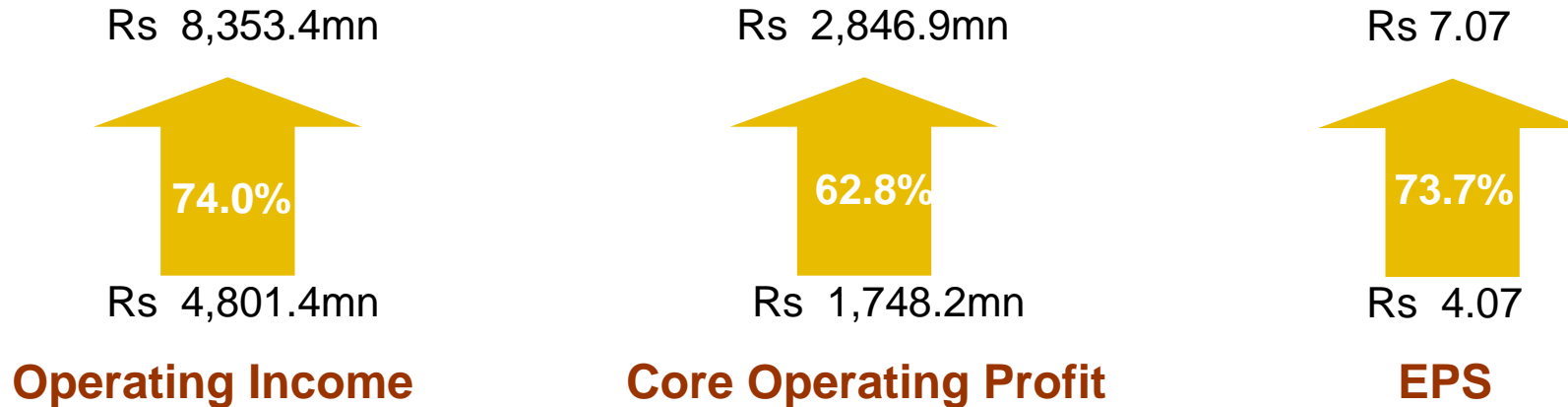
Director

- Has extensive experience and a firm base in the transportation business
- Holds Dealership of Tata Motors, Honda, Hyundai and Maruti
- He is the Chairman of Rushabh Motors Pvt. Ltd.. He is the Chairman cum Managing Director of Bafna Motors (Mumbai) Pvt. Ltd and the Managing Director of Bafna Motors Ltd .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.



Recent Performance

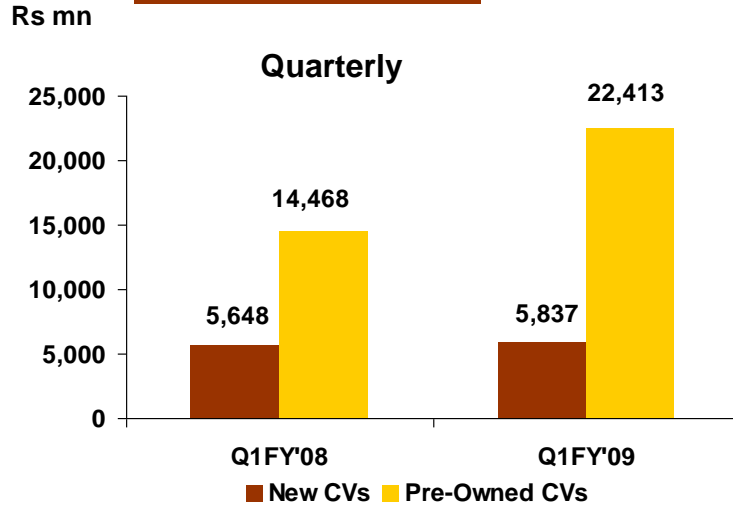
Performance Review Q1 FY'09 Vs. Q1 FY'08



- **Strong growth in operating income driven by growth across key revenue streams:**
 - ✓ Fund-based Income up 68.2% to Rs 7,521.4mn from Rs 4,471.0mn
 - ✓ Securitisation Income up 172.3% to Rs 824.5mn from Rs 302.8mn (securitised asset portfolio of Rs 3,906mn during Q1FY'09)
- **Growing core operating profits by 62.8% to Rs 2,846.9mn from Rs 1,748.2mn**
- **Net spread increased to 4.84%** from 4.27% due to
 - ✓ **Reduction in NPA provisioning** as a percentage of total assets to 1.38% from 2.05%
- **Sharp improvement in asset quality** with Gross NPAs declining to 1.65% from 1.97% and Net NPAs declining to 0.88% from 1.19%

Driven by Growing Disbursements & AUM

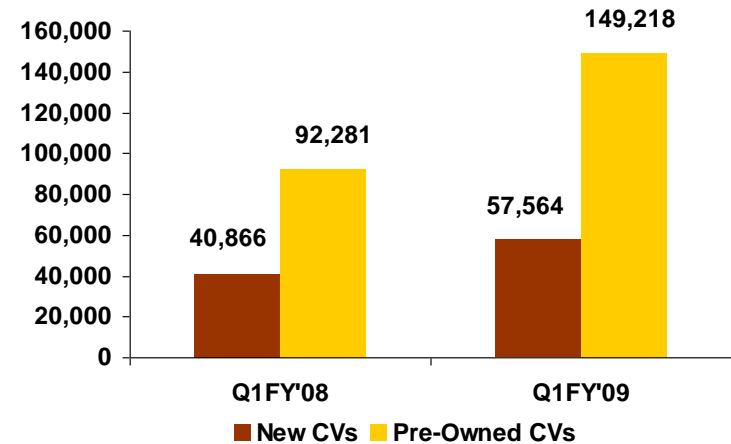
Disbursements



55% YoY increase in Pre-owned CV disbursements

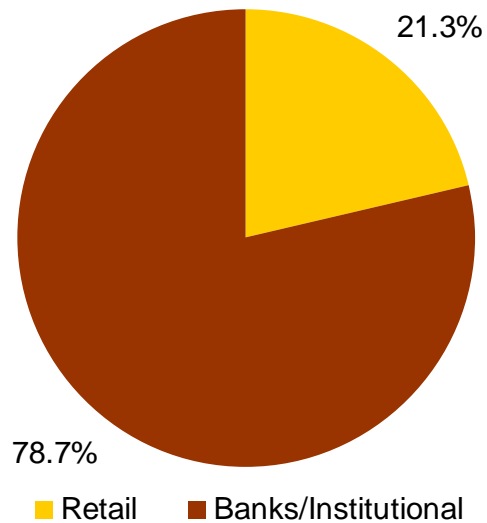
55% growth in Total Assets under Management to Rs 206.78bn

Assets under Management

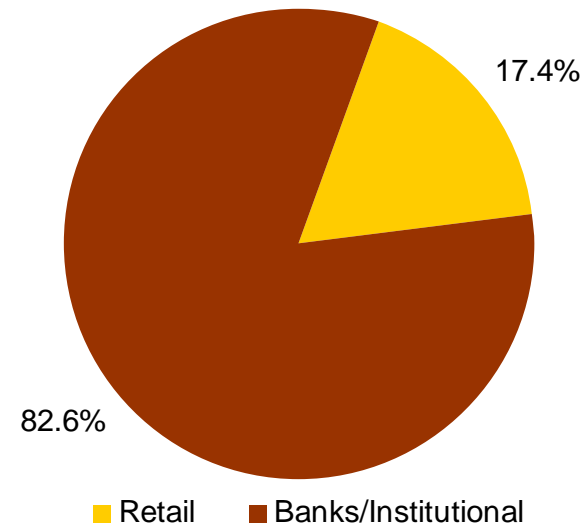


Borrowing Profile

Q1 FY'08 – Rs 91.94bn



Q1 FY'09 – Rs 148.85bn



- ▶ **Growing access to funds from Banks and institutions**



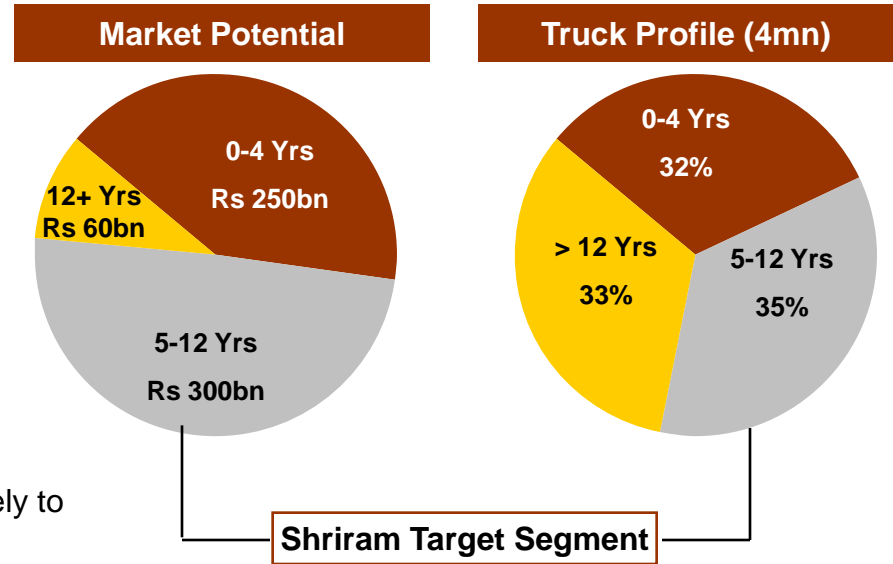
Industry Opportunity

Exponential Growth in CV Financing

- ▶ Large CV Financing market size of Rs 610bn
- ▶ Shriram targets the largest market segment of 5-12 years, accounting for 35% of the total market volume
- ▶ Market for second hand truck financing is under penetrated with 70-75% of the market with private financiers who charge high interest rates

Sustained Growth Expected to Continue

- ▶ Modernization of trucking industry
 - Legislative pressure on banning trucks beyond 15 years is likely to trigger replacement boom
 - Transport associations' introduction of Voluntary Retirement Scheme for old trucks with better financing options
 - Financing amount of Rs 1,078bn to be triggered through replacement demand for 1.1mn new as well as pre-owned trucks
- ▶ Stricter emission norms expected to generate huge demand for 5-12 year old trucks
 - Bharat III emission norms already implemented in 11 major cities
 - Norms are likely to be implemented in the rest of the country over 2008-10
- ▶ Growing freight capacity
 - High GDP growth rate driving incremental freight capacity which is estimated to increase at 1.25 times of GDP growth resulting in robust sale of commercial vehicles

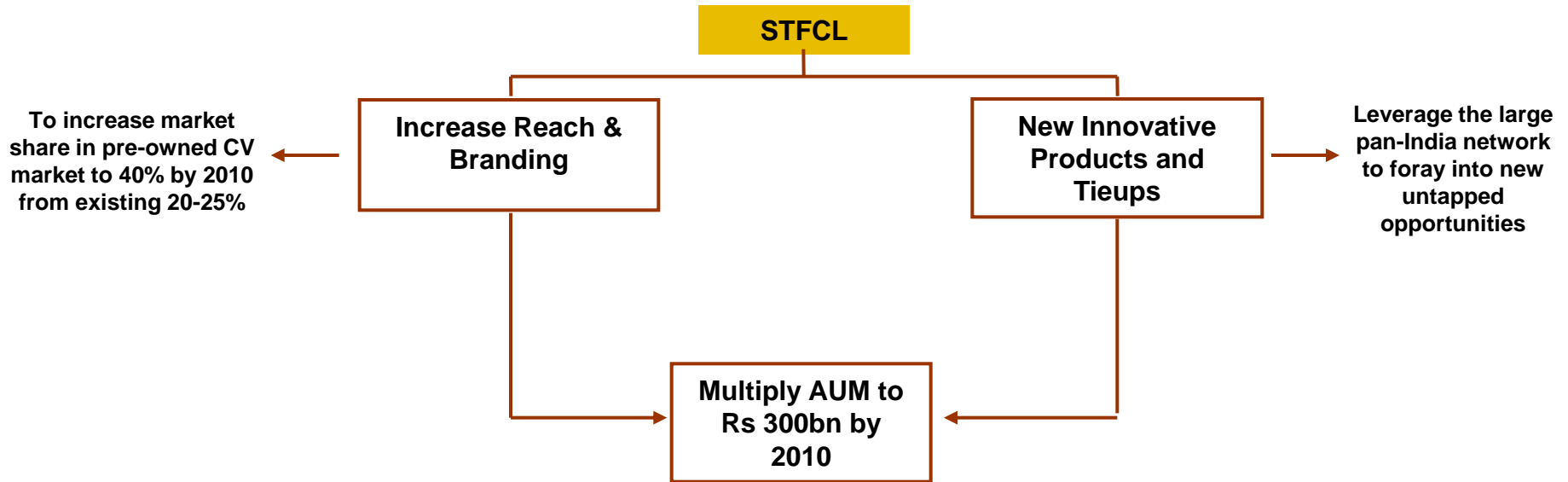


Only Organised Player in the Second Hand Truck Financing Market



Growth Plans & Strategy

Target to reach AUM to Rs 300bn by FY'10



Well Planned Strategy for Future Growth

Expanding the Pre-Owned CV Segment

- Extended financing to 12-year-old vehicles from 10-year-old trucks at present
- Introduced top-up products such as finance for tyres, working capital and engine replacement
- Adopted strong brand building approach to increase visibility and recognition

Leveraging Private Financiers

- Built partnership with private financiers in the unorganized market to enhance market share.
- Partnered with 490 private financiers

Axis Bank co-branded credit cards

- Tied up with Axis Bank to distribute credit cards to small truck owners
- Distributed 30,000 credit cards

Freight Bill Discounting

- Estimated market size of Rs 60-70bn with yield higher than the existing CV financing business
- Target to reach 10% market share

Freight Exchange

- Established 40:60 JV - Ashley Transport Services Limited, with Ashok Leyland for stepping into the freight exchange business
- Shriram brings its truckers to the table and Ashok Leyland its network of transporters with freight to transfer

Expanding the Existing Business

Tractor Financing

- ▶ Market experiencing growth with increasing policy thrust on agricultural mechanization. The used tractor financing market is estimated at Rs176bn in FY08
 - ▶ JV with Mahindra & Mahindra Ltd. (M&M) to finance the old tractors of commercial use which are refurbished by M&M under the “Mahindra Vishwas Project”
-

Construction Equipment Financing

- ▶ Market expected to grow at an annual rate of 30% to reach over 300bn in 2010 driven by huge infrastructure spending during the 11th 5-Year Plan estimated at approximately Rs 20tn.
-

Passenger Commercial Vehicle Financing

- ▶ Estimated market size of Rs59bn for FY08 backed by growth in population and an improving road infrastructure

Leveraging the Existing Network to Expand the Product Portfolio

Thank You

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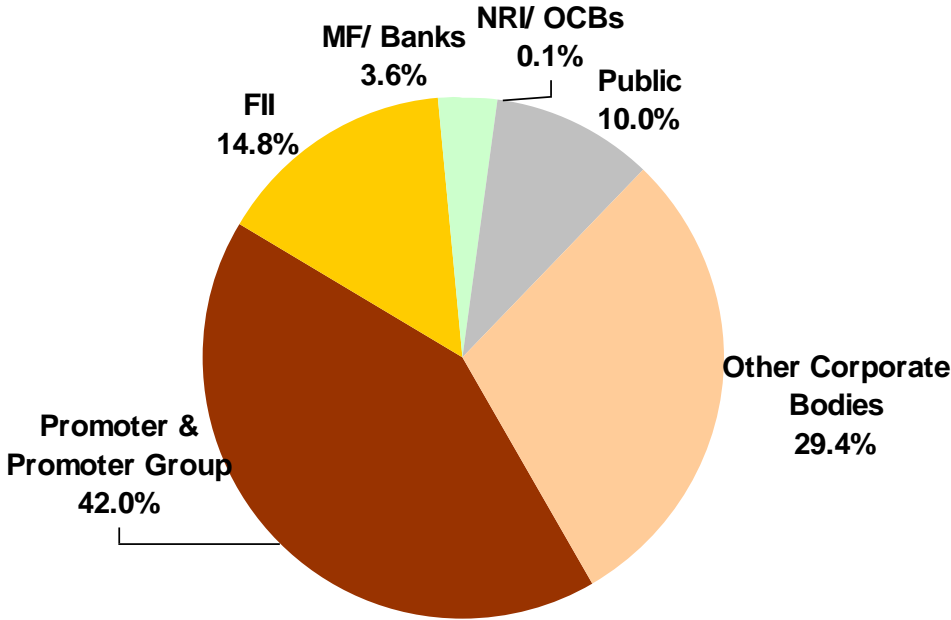
Mumbai: 202, Vinayak Chambers, 4th Road, Khar (West), Mumbai - 400 052. Tel: +91-22-26482878

Annexure

Shareholding Structure as on 30th June 2008



No. of shares outstanding: 203.22mn



Profit and Loss Statement

Figures in Rs mn

Profit & Loss Statement	Q1 FY'08	Q4 FY'08	Q1 FY'09	YoY %	QoQ %	FY'07	FY'08	YoY %
Income from Financing operations								
- Fund Based	4,471.0	7,121.2	7,521.4	68.2%	5.6%	13,843.1	23,365.9	68.8%
- Income from Securitisation	302.8	514.5	824.5	172.3%	60.2%	142.2	1,508.7	961.2%
- Fee based	27.6	8.9	7.5	-72.7%	-15.3%	130.3	58.1	-55.4%
Operating Income	4,801.4	7,644.6	8,353.4	74.0%	9.3%	14,115.5	24,932.7	76.6%
Interest expended	2,323.5	3,933.8	4,286.7	84.5%	9.0%	7,383.3	12,966.2	75.6%
Personnel cost	271.7	402.4	480.4	76.8%	19.4%	724.9	1,251.9	72.7%
Operating expenditure	457.9	869.4	739.4	61.5%	-15.0%	1,489.9	2,347.7	57.6%
Core Operating Profit (before Provisions & Contingencies)	1,748.2	2,439.0	2,846.9	62.8%	16.7%	4,517.4	8,366.9	85.2%
Other Income	2.8	0.5	1.6	-40.9%	225.9%	39.7	8.5	-78.5%
Operating Profit	1,751.0	2,439.5	2,848.5	62.7%	16.8%	4,557.1	8,375.4	83.8%
Provisions for Bad Debts	568.6	666.5	631.8	11.1%	-5.2%	1,664.9	2,317.1	39.2%
PBT	1,182.4	1,773.0	2,216.7	87.5%	25.0%	2,892.2	6,058.3	109.5%
Tax	432.9	654.3	780.6	80.3%	19.3%	988.3	2,160.0	118.6%
PAT	749.5	1,118.7	1,436.1	91.6%	28.4%	1,903.9	3,898.3	104.8%
EPS (Rs)	4.07	5.51	7.07	73.7%	28.3%	11.01	20.26	84.0%
Book Value (Rs)	63.13	89.44	96.56	53.0%	8.0%	58.98	89.44	51.6%

Key Ratios (%)	Q1 FY'08	Q4 FY'08	Q1 FY'09		FY'07	FY'08
Yield on Interest Earning Assets	16.89%	17.24%	17.16%		18.34%	17.46%
Cost of interest Bearing Liabilities	9.95%	10.62%	11.07%		10.57%	10.82%
Net Interest Margin	8.11%	7.72%	7.38%		8.47%	7.77%
Return on Avg. Net Worth	26.65%	24.76%	30.41%		19.47%	27.17%
Return on Avg. Assets	2.71%	2.57%	3.13%		1.90%	2.77%
Fee-Income % of Total income	2.30%	0.46%	0.36%		0.92%	0.23%
Interest Coverage Ratio	2.07	1.94	1.95		1.92	1.92

Balance Sheet

Figures in Rs mn

Balance Sheet	Q1 FY'09	FY'07	FY'08
Liabilities			
Shareholder Funds			
Equity Capital	2,032.5	1,841.8	2,031.6
Reserves	17,586.3	9,022.3	16,132.0
Preference Capital		-	
Loans			
Secured	114,573.3	63,105.5	115,539.0
Unsecured	34,271.4	23,987.2	32,324.5
Current Liabilities	16,409.4	8,938.9	15,058.1
Deferred Tax Liability	183.8	866.2	359.2
Total	185,056.7	107,761.9	181,444.4
Assets			
Fixed Assets	1,335.5	1,674.7	1,426.4
Loans & Advances	810.3	588.9	688.6
Cash & Bank balances	14,650.4	17,513.4	12,502.5
Investments	3,564.4	2,245.7	13,851.2
Truck receivables	163,050.3	83,748.0	151,191.3
Current Assets	1,645.7	1,991.2	1,784.4
Total	185,056.7	107,761.9	181,444.4

Spread Analysis	Q1 FY'09	FY'07	FY'08
Total Income/ Avg. total assets	18.24%	16.99%	17.74%
Interest cost/ Avg. total assets	9.36%	8.69%	9.22%
Gross Spread	8.88%	8.30%	8.52%
NPA provisioning/ Avg. total assets	1.38%	2.00%	1.65%
Overhead Cost/ Avg. total assets	2.66%	2.80%	2.56%
Net Spread	4.84%	3.47%	4.31%

For any Investor Relations queries please contact:

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