

# Shriram Transport Finance Company Ltd.



**Investor Presentation**

**July 22, 2010**

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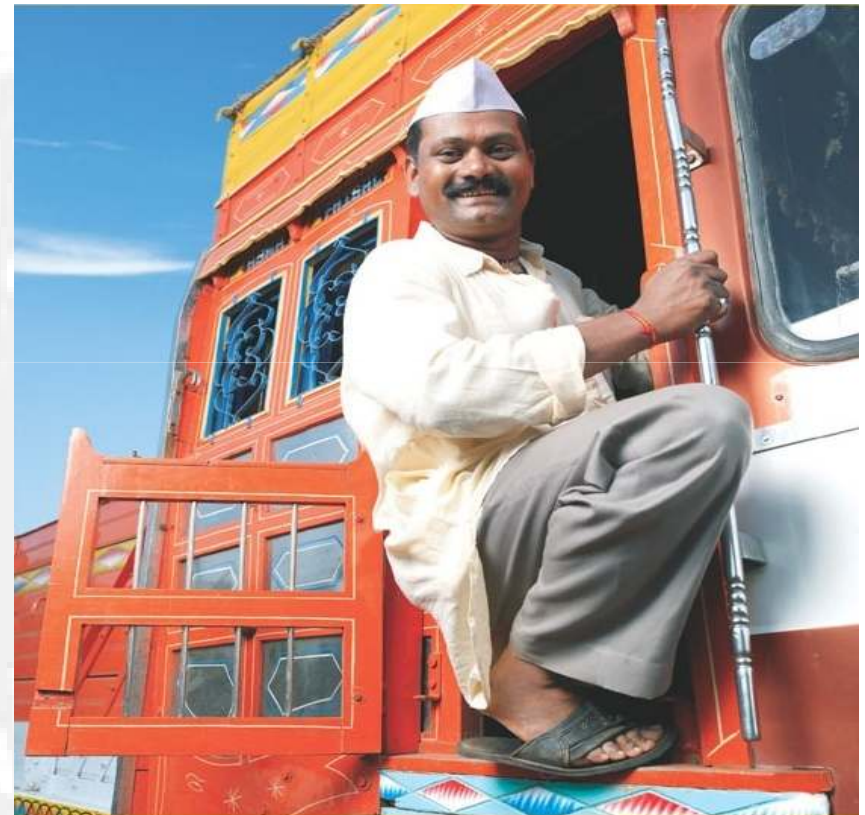
**1 Company Snapshot**

**2 Business Analysis**

**3 Recent Performance**

**4 Industry Opportunity**

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INDIA'S LARGEST ASSET-FINANCING NBFC.



## 1 Company Snapshot



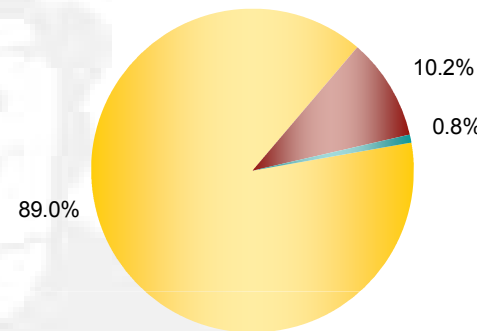


# Market Leader in High-Yield Pre-Owned CV Financing

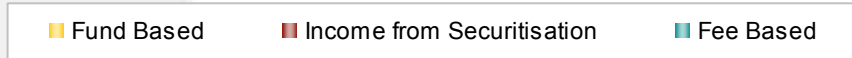
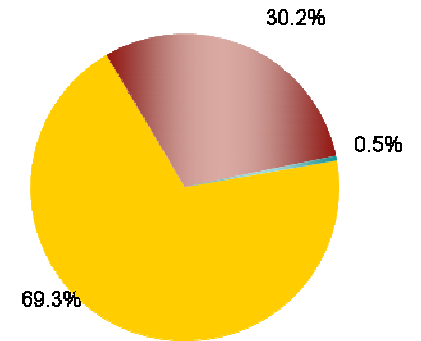
- ❑ **Shriram Transport Finance Company Limited (STFC) is one of the largest asset financing NBFC** with approximately 20-25% market share in pre-owned and approximately 7-8% market share in new truck financing
- ❑ **Strategically present in high yield - pre-owned CV financing** with expertise in loan 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 0.7 mn as of June 30, 2010
- ❑ **Employee strength** of approximately 14,254 including 7,715 product/credit executives as of June 30, 2010
- ❑ **Listed on the National Stock Exchange and Bombay Stock Exchange** with a market capitalisation of over Rs. 130 bn
- ❑ **Equity investment** from reputed private equity and institutional investors including TPG Newbridge

## Operating Revenue Break Up

**Q1 FY10 – Rs. 10.15 bn**



**Q1 FY11 – Rs. 12.34 bn**



## Large Assets Under Management ( as on June 30, 2010)

- ❑ Total Assets Under Management (AUM) of Rs. 302.39 bn
  - Pre-Owned CV: Approximately Rs. 234.13 bn
  - New CV: Approximately Rs. 68.26 bn

## Extensive Distribution Network

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

# Corporate History



**AUM: Rs. 291.26 bn**

*As of March 31, 2010*

**AUM: Rs. 2.44 bn**

1979

STFC was established

1984

Initial Public Offering

1990

Investment from Telco & Ashok Leyland

1999

- Tied up with Citicorp for CV financing under Portfolio Management Services (PMS)
- The 1<sup>st</sup> securitization transaction by STFC

2002-04

- Preferential Allotment to Citicorp Finance (India) in 2002
- Preferential Allotment to Axis Bank and Reliance Capital in 2004

2005-06

- Merger of Shriram Investment Ltd. and Shriram Overseas Finance Ltd. With STFC ; PAT crosses Rs. 1,000 mn (2006)
- Investment from ChryCapital (2005) and TPG (2006)

2009

- Successfully placed Rs. 10 bn of NCD with domestic investors
- Purchased hypothecation loan outstandings of commercial vehicles and construction equipments of GE Capital Services India and GE Capital Financial Services (GE) aggregating to approximately Rs. 11 bn

2010

- Securitized Rs. 87.57 bn during FY 2010.
- Successfully raised Rs. 5.84 bn through QIP with domestic & international investors.

# Unique Business Model



## CV Financing Business Model

### Pre Owned (5-12 Years Old CVs)

#### Owned Funds

Average core lending business yields 18-24%

❑ Small truck owners (less than 2-3 trucks) with underdeveloped banking habits

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

❑ AUM of approximately Rs. 234.13 bn at the end of Q1 FY11

### New

#### Owned Funds

Average core lending business yields 15-16%

#### Securitization

Average back-stop funding - Net spread: 5-6%

❑ Existing customer base upgrading to new trucks

❑ 7-8%

❑ AUM of approximately Rs. 68.26 bn at the end of Q1 FY11

#### Target Segment

#### Market Share

#### Performance

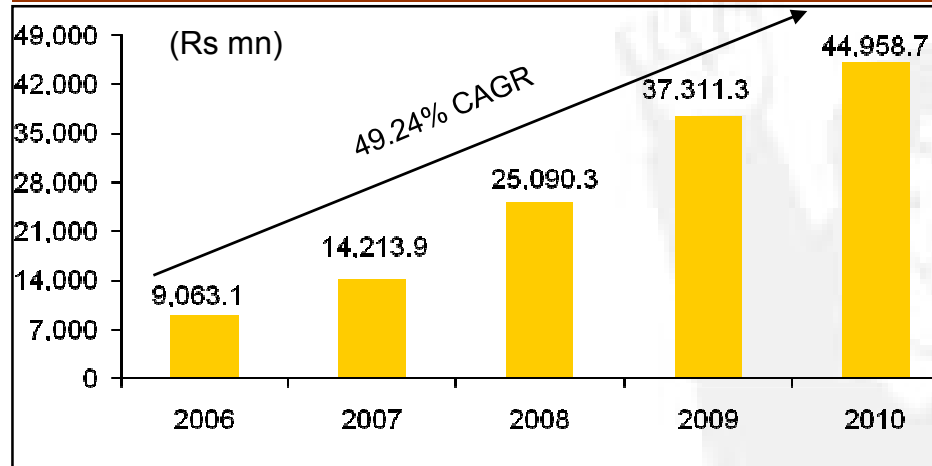
#### Vehicles sold during FY05-10

|              | FY05           | FY06           | FY07           | FY08           | FY09           | FY10           |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| LCV          | 198,561        | 207,446        | 275,600        | 271,045        | 183,541        | 286,337        |
| MHCV         | 119,877        | 143,237        | 247,040        | 250,361        | 200,581        | 244,596        |
| <b>Total</b> | <b>318,438</b> | <b>350,683</b> | <b>522,640</b> | <b>521,406</b> | <b>384,122</b> | <b>530,933</b> |

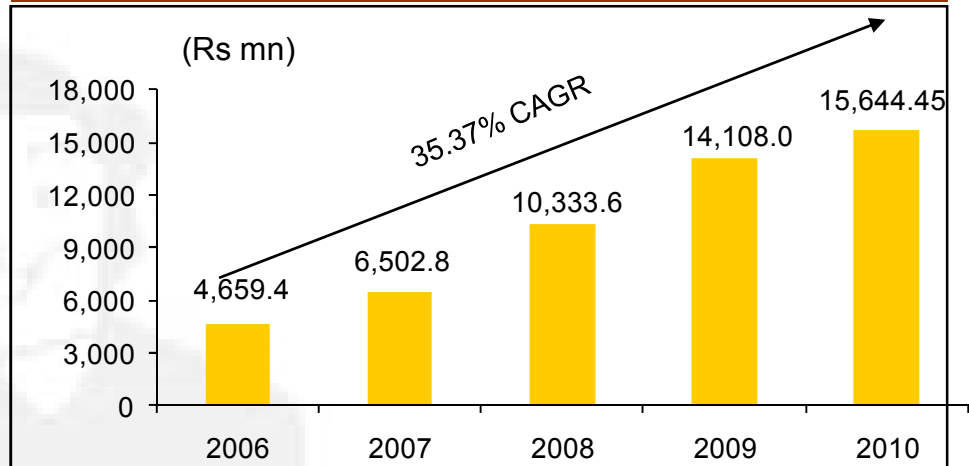
# With a Strong Financial Track Record



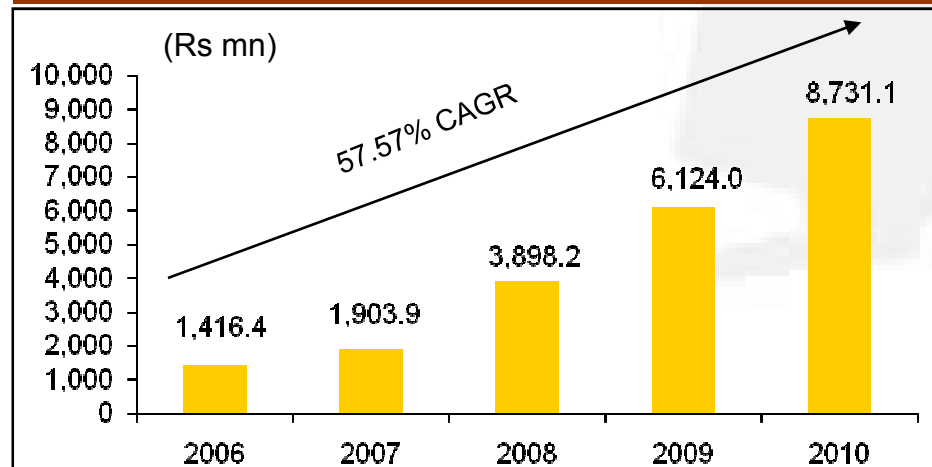
## Total Income



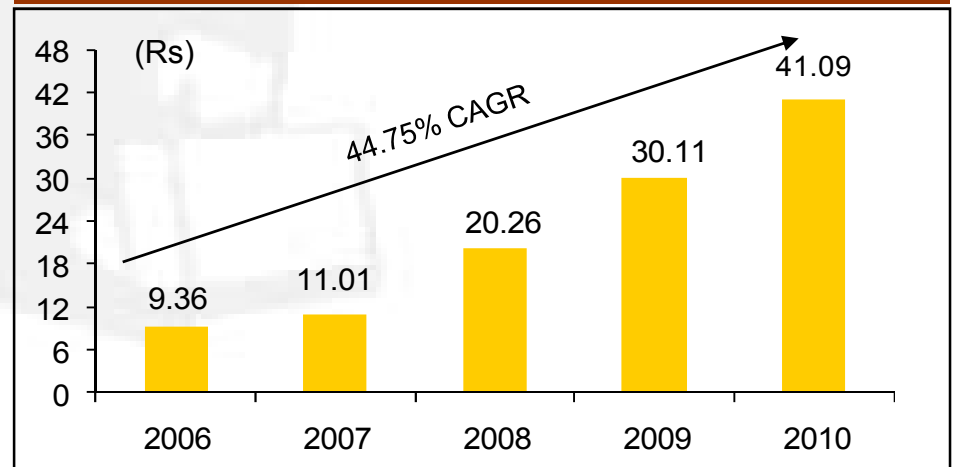
## Net Interest Income



## Net Profit



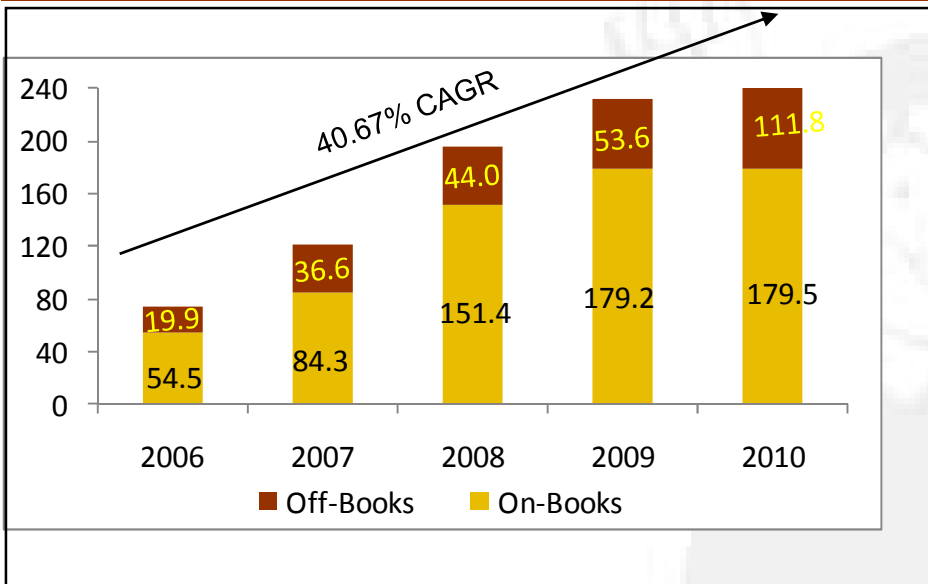
## EPS



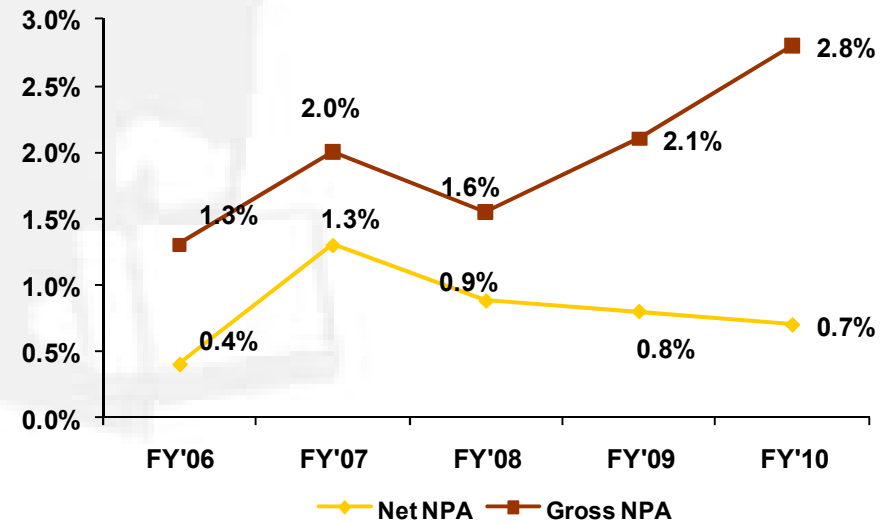
# Driven by Fast Growth in AUM with Low NPAs



## AUM (Rs bn)



## NPA Levels







## 2 Business Analysis



# Strengths



**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**

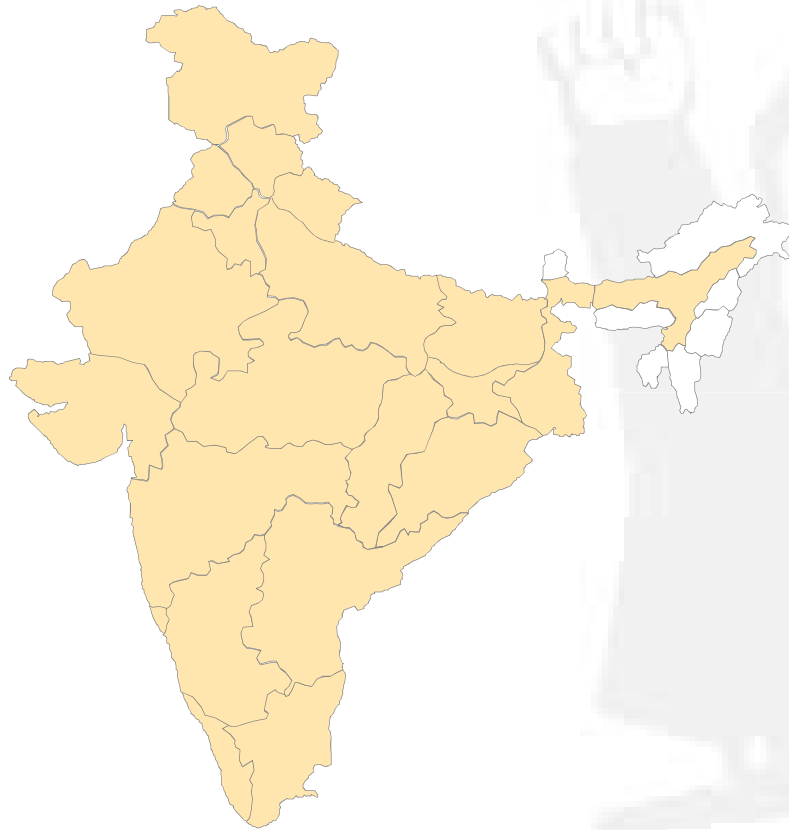
**Strengthening Presence and Expanding Reach**

1

# Widespread Geographical Reach: Proximity to the Customer



## Branch Locations Across India



States with STFC Presence

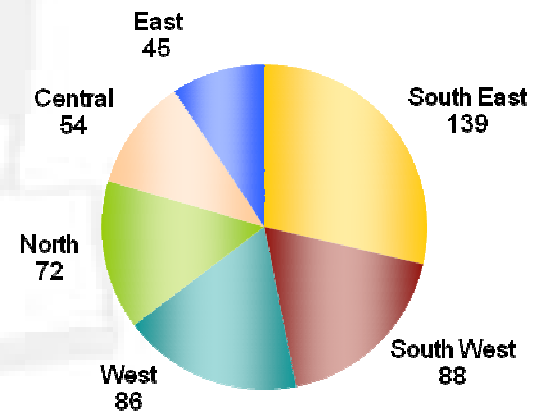
## Pan-India Presence

**60** SBUs

**484** Branch Offices

Tie up with **Over 500** Private Financiers

## Regional Split of Branches



As on June 30, 2010

## 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

Vehicle Assessment

60%-70% Loan-to-Value Ratio – Old CVs  
75%-85% Loan to Value Ratio – New CVs

### 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

Field Officers

Vast Customer Base

Knowledge & Relationship based Recovery Procedure

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

# 3 Healthy Asset Quality



## 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

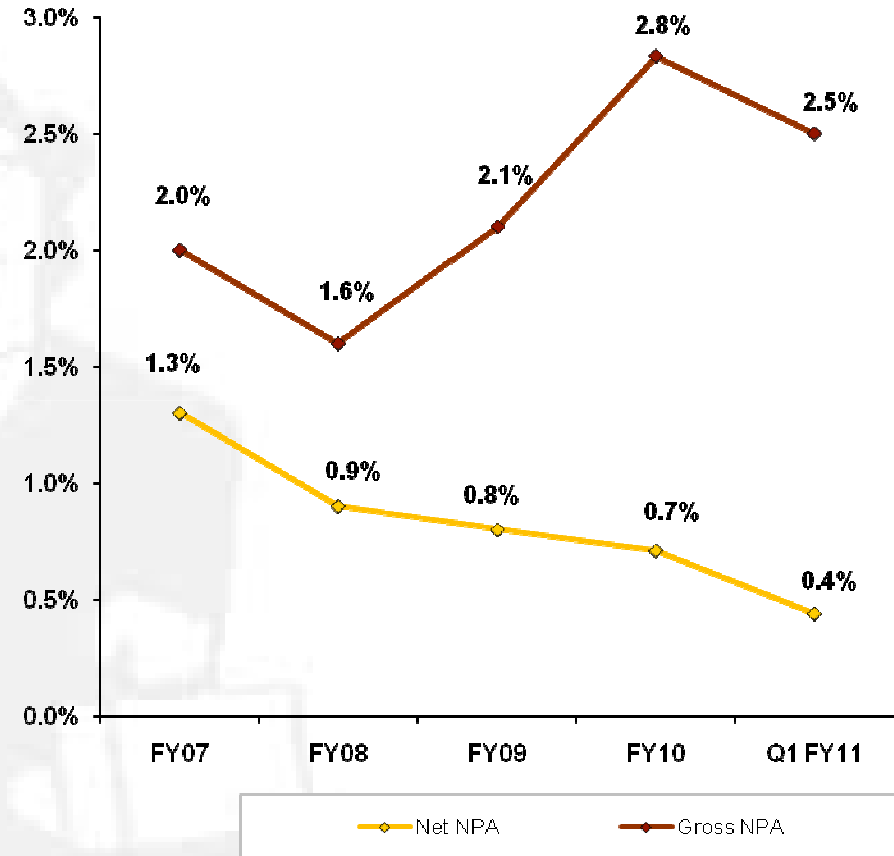
## Reasons for Low Delinquency

- ❑ 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



*Over 82% coverage between Gross/Net NPA (as on June 30, 2010)*

# 3 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
- Allotted 11.658 mn equity shares at Rs. 500.80 per share to Qualified Institutional Buyers (QIB) for an aggregate sum of Rs. 5.84 bn resulting in a dilution of around 5.20% to 45 marquee global as well as domestic funds and insurers, which included 22 existing investors and the rest, new investors on January 28, 2010
- Capital Adequacy ratio as of June 30, 2010: 23.23 %

| Key Shareholders*                                   | Current Shareholding (Mn Shares) | % age         |
|---|----------------------------------|---------------|
| Shriram Holdings Madras Pvt. Limited <sup>(1)</sup> | 93.37                            | 41.40         |
| Genesis Indian Investment Company                   | 15.72                            | 6.97          |
| ICICI Prudential Life Insurance Company             | 9.65                             | 4.28          |
| Copthall Mauritius Investments Limited              | 3.92                             | 1.74          |
| Fid. Funds (Mauritius) Limited                      | 3.63                             | 1.61          |
| Reliance Life Insurance Company Limited             | 3.33                             | 1.48          |
| Wellington Management Company                       | 2.76                             | 1.22          |
| Columbia Acorn International                        | 2.40                             | 1.06          |
| Government Pension Fund Global                      | 2.26                             | 1.00          |
| Public & Others                                     | 88.48                            | 39.24         |
| <b>Total</b>  | <b>225.52</b>                    | <b>100.00</b> |

\*As on June 30, 2010

*Large Investments by major Institutional and Private Equity Investors*

(1) TPG Newbridge has a stake in Shriram Holding Madras Pvt. Limited

# 3 Optimized Balance Sheet : Access to Low Cost Funds



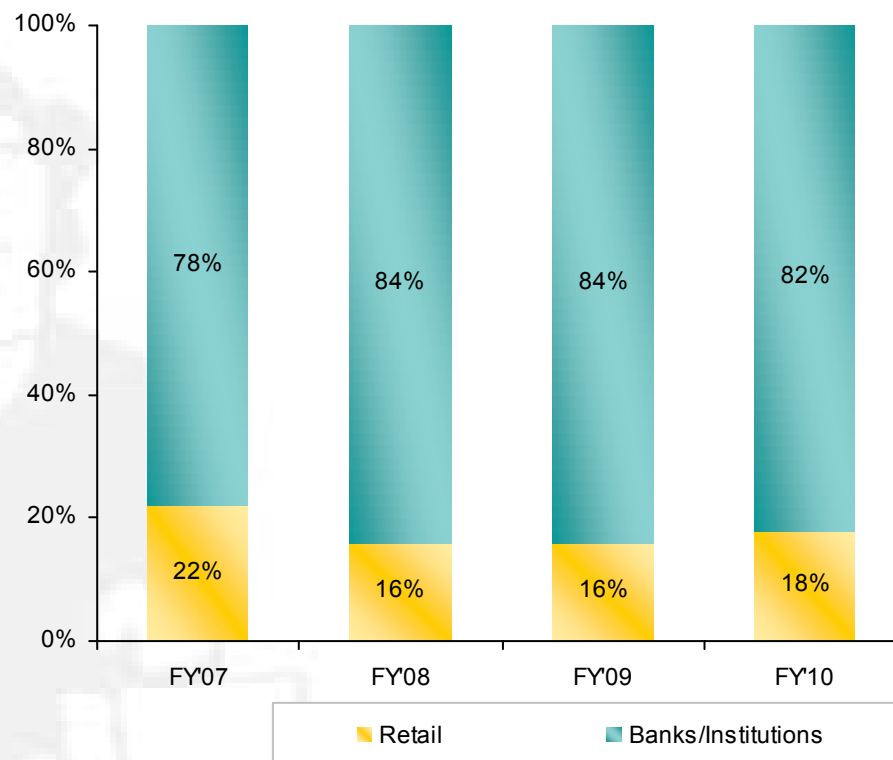
## Borrowings

- ❑ 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 Rs. 99.16 bn at the end of Q1 FY11
- ❑ 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 CRISIL

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

## 4

# Strong Management Team



**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**  
*Deputy Managing Director*

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

**Parag Sharma**  
*CFO*

- ❑ Over 18 years experience in finance industry
- ❑ Joined in 1992 and now heads the Finance function, a qualified Cost Accountant

**Vinay Kelkar**  
*Executive Director*

- ❑ Over 26 years experience and 15 years of experience in finance industry
- ❑ Joined in 1995 and now heads the Compliance and Accounts function, a qualified Chartered Accountant & Cost Accountant

**S. Sunder**  
*Senior Vice President*

- ❑ Over 18 years experience in finance industry
- ❑ Joined in 1995 and now heads the Accounts and Administration function, a qualified Cost Accountant

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

- ❑ Over 18 years experience in the finance Industry
- ❑ Joined in 2007, a qualified Company Secretary



**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**

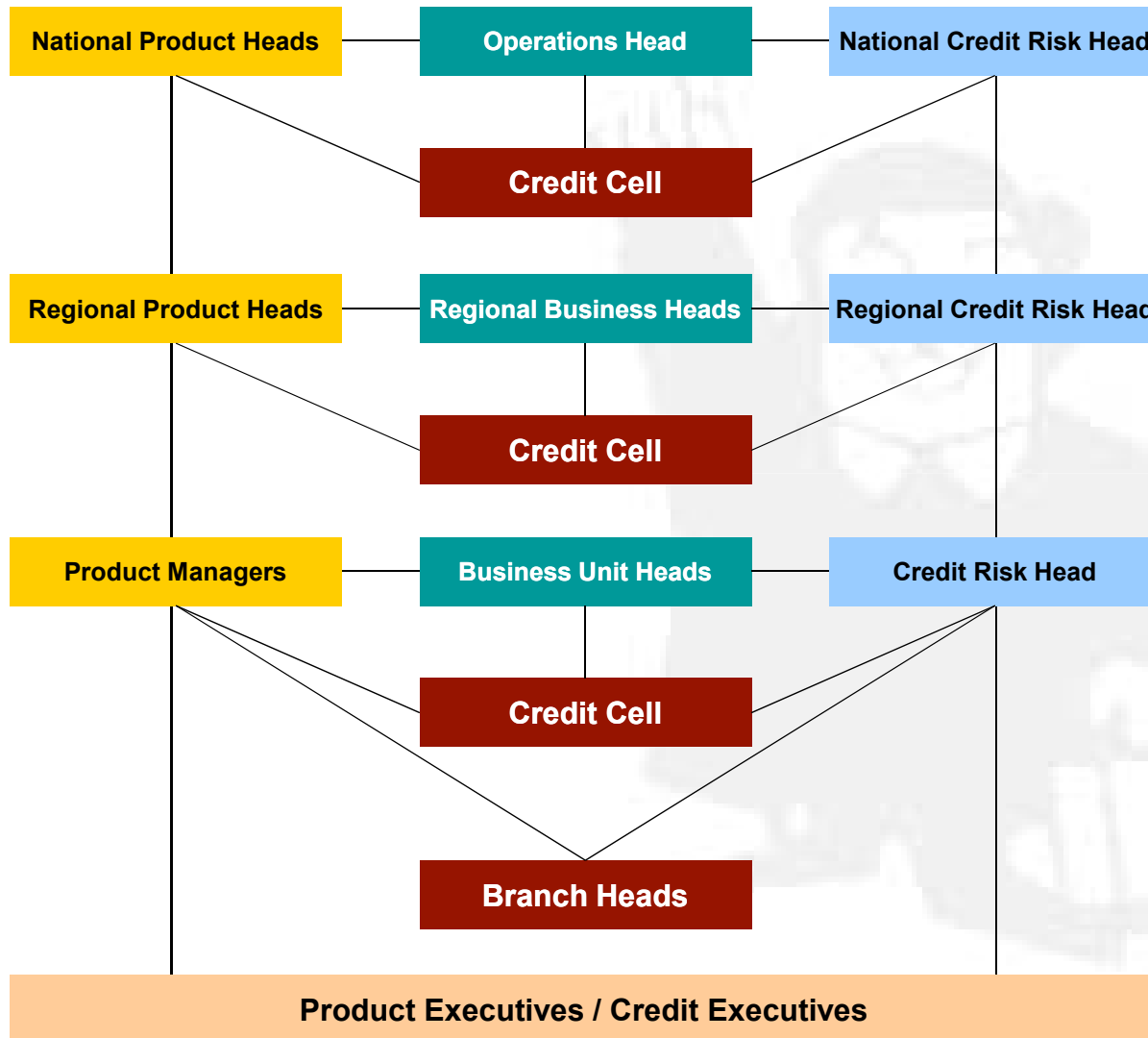
- ❑ Senior Principal and Advisor to TPG Newbridge Capital
- ❑ Fellow member of the Institute of Chartered Accountants in England & Wales and a member of the Canadian Institute of Chartered Accountants

**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.

# 5

## Organizational Structure: Credit Risk Focus



### 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 (484 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 (60 SBUs):**

- Final deciding authority who oversees 8-10 branches

# 6 Strengthening Presence and Expanding Reach



## 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 March 31, 2010

## Axis Bank co-branded credit cards

- ❑ Tied up with Axis Bank to distribute credit cards to small truck owners
- ❑ Distributed over 1,00,000 credit cards as of March 31, 2010

# 6 Strengthening Presence and Expanding Reach (Contd.)



## Freight Bill Discounting

- Estimated market size of Rs. 60-70 bn with higher yields than the existing CV financing business.

## Passenger Commercial Vehicle Financing

- Estimated market size of Rs. 100 bn for FY10 backed by growth in population and an improving road infrastructure

## Tractor Financing

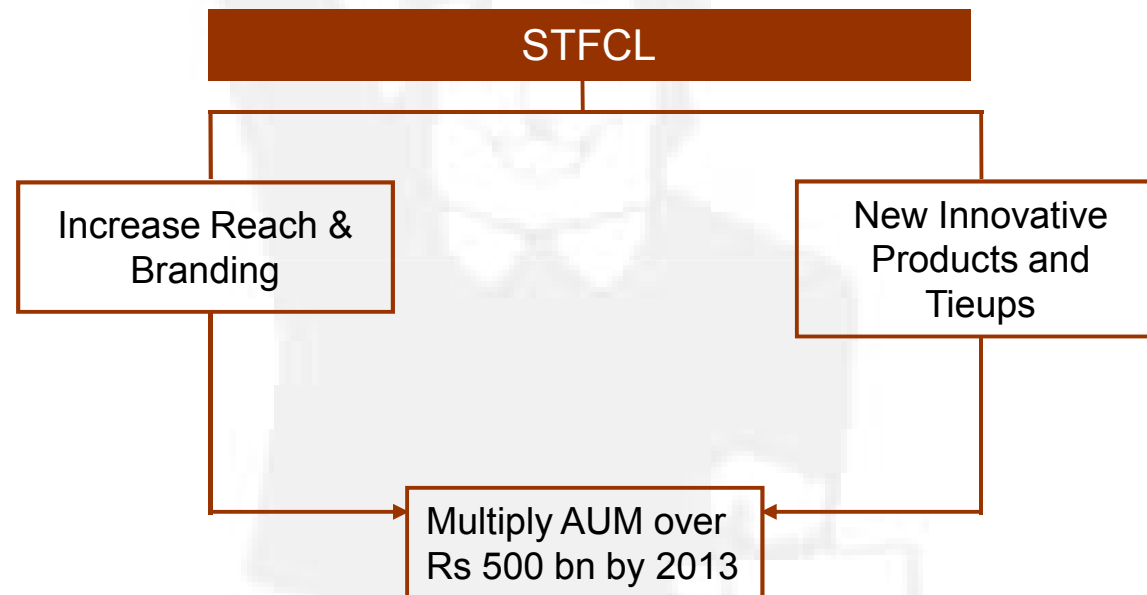
- Market experiencing growth with increasing policy thrust on agricultural mechanization.
- The used tractor financing market is estimated at Rs. 192 bn in FY10

## Construction Equipment Financing

- Market expected to grow at an annual rate of 30% to reach over Rs. 300 bn in 2010 driven by huge infrastructure spending during the 11<sup>th</sup> 5-Year Plan estimated at approximately Rs. 20 tn
- This business would be through our 100% subsidiary Shriram Equipment Finance Company 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



*Well Planed Strategy for Future Growth*

# 6 Innovative Marketing: AutoMalls & Electronic Touch Screen Kiosks



## AutoMalls



- ❑ Pre-owned commercial vehicle hubs across India for sale of:
  - Pre-owned vehicles
  - Refurbished pre-owned CVs manufactured by various manufacturers (“Shriram New Look”) – Already launched in Tamil Nadu & Andhra Pradesh and will be launched in other states in phased manner
  - 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 Q2 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

❑ Launched in Tamil Nadu & Andhra Pradesh branches and will be launched in other states in a phased manner

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

***Rs. 305.3 mn fee earned for the FY 2009 - 10***



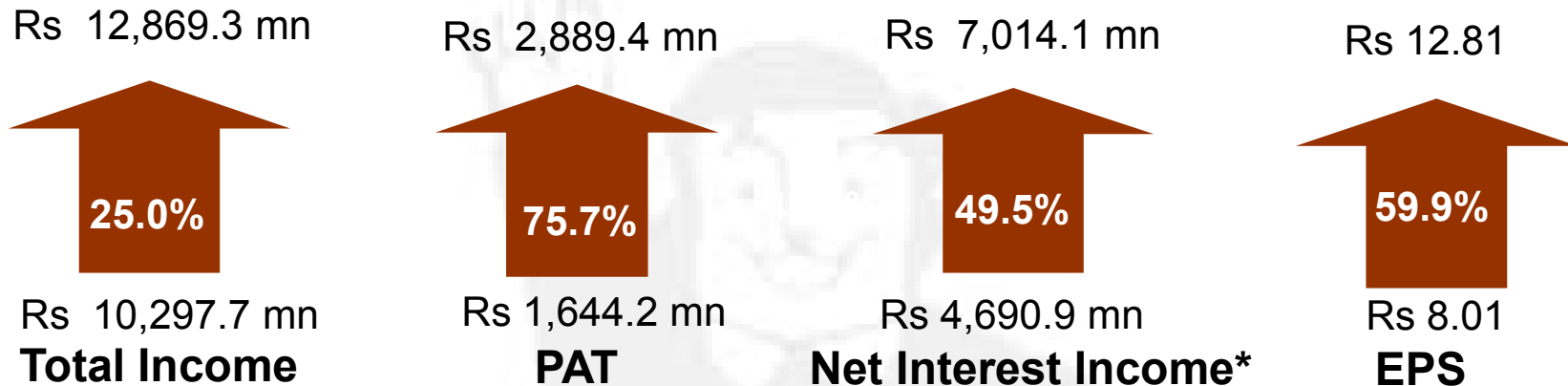
## 3 Recent Performance





# Sustained Quarterly Growth Trend Continues

## Performance Review Q1 FY'10 Vs. Q1 FY'11



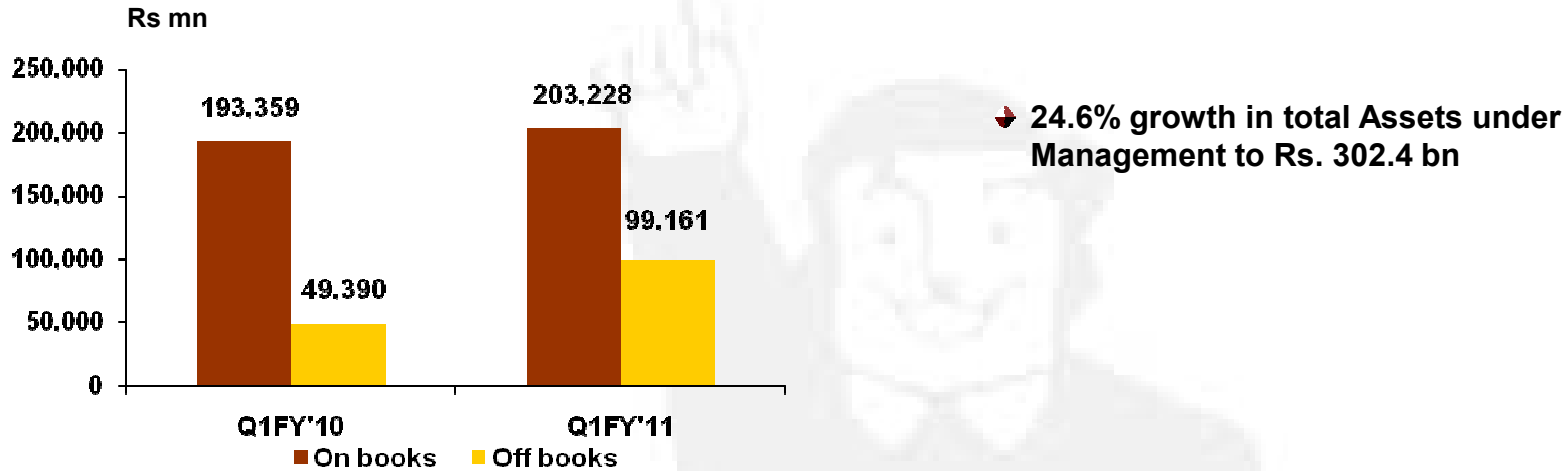
- ➔ **Strong growth in operating income driven by growth across key revenue streams:**
  - ✓ Securitisation Income up by 259.2% to Rs 3,724.8 mn from Rs 1,036.9 mn (securitised asset portfolio of Rs NIL during Q1 FY'11)
  - ✓ Fee for Trading earned Rs. 60.6 mn
- ➔ **Growing operating profits** by 65.3% to Rs 5,626.0 mn from Rs 3,404.4 mn
- ➔ **Net spread increased** to 6.4% from 4.0% due to
  - ✓ Increase in yield to 18.8% from 16.5%
  - ✓ Decrease in interest cost to 8.0% from 8.7%
- ➔ **Healthy asset quality** with Gross NPAs & Net NPA decreased to 2.5% from 2.8% and to 0.4% from 0.7% respectively (QoQ) and the Net NPA in absolute amount declined to Rs. 880.5 mn from 1,248.7 mn(QoQ)
- ➔ **Added 437 new employees** to take the total strength to 14,254 including 7,715 field officers (QoQ)

\* including Securitisation Income

# Driven by Growing AUM



## Assets under Management (On books & Off books)



## Assets under Management (New & Pre-owned CVs)

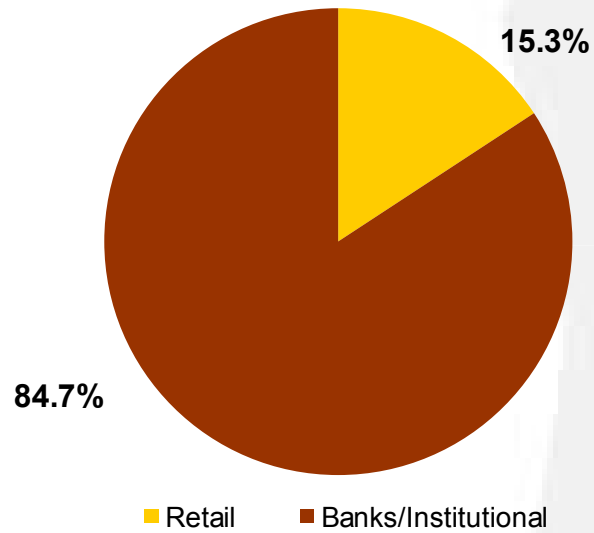


# Supported by a Healthy Borrowing Profile

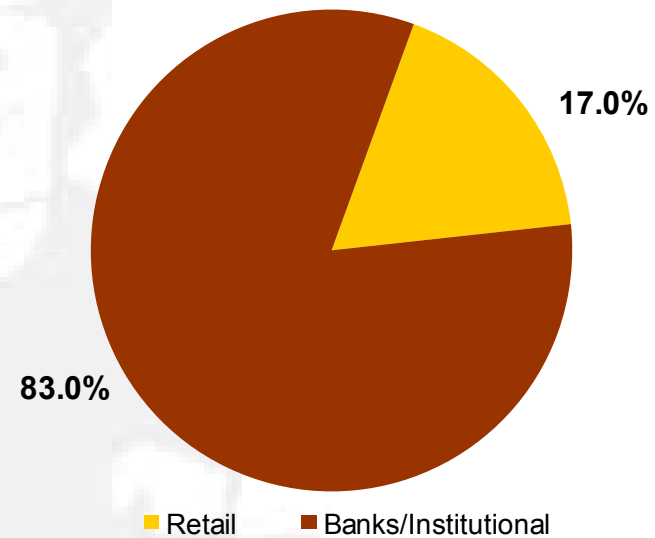


## Borrowing Profile

Q1 FY'10 – Rs 201.7 bn



Q1 FY'11 – Rs 195.3 bn





## 4 Industry Opportunity



# Exponential Growth in CV Financing

- Large CV Financing market size of Rs 770bn
- 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 1.35mn new as well as pre-owned trucks

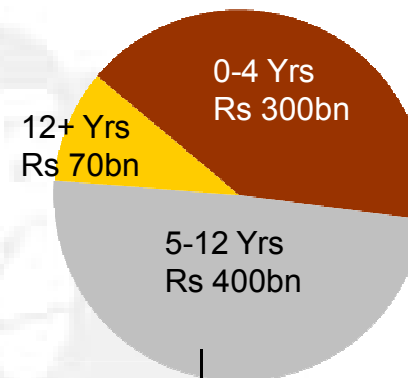
### Stricter emission norms expected to generate huge demand for 5-12 year old trucks

- 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

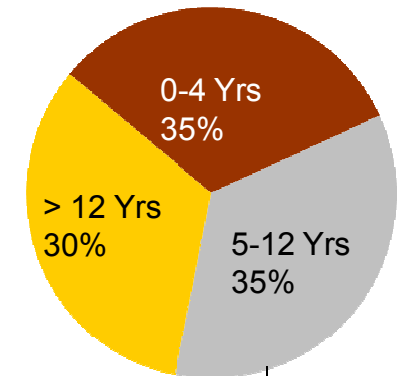
### Growing freight capacity

- GDP growth rate driving incremental freight capacity which is estimated to increase at 1.25 times of GDP growth.

Market Potential



Truck Profile (4mn)



Shriram Target Segment

**Only Organised Player in the Pre-owned CV Financing Market**

# Exponential Growth in CV Financing



- STFC pre-owned CV portfolio at Rs. 200 bn representing 20% of market size
- Market segment of pre-owned CV estimated around Rs. 1,000 bn
- Market for second hand truck financing is under penetrated with 75-80% of the market with private financiers which has not been refinanced
- STFC to increase its market share in pre-owned CV by partnering with private financiers
- STFC has already partnered with over 500 private financiers out of 25,000 (app) private financiers

*Only Organised Player in the Pre-owned CV Financing Market*



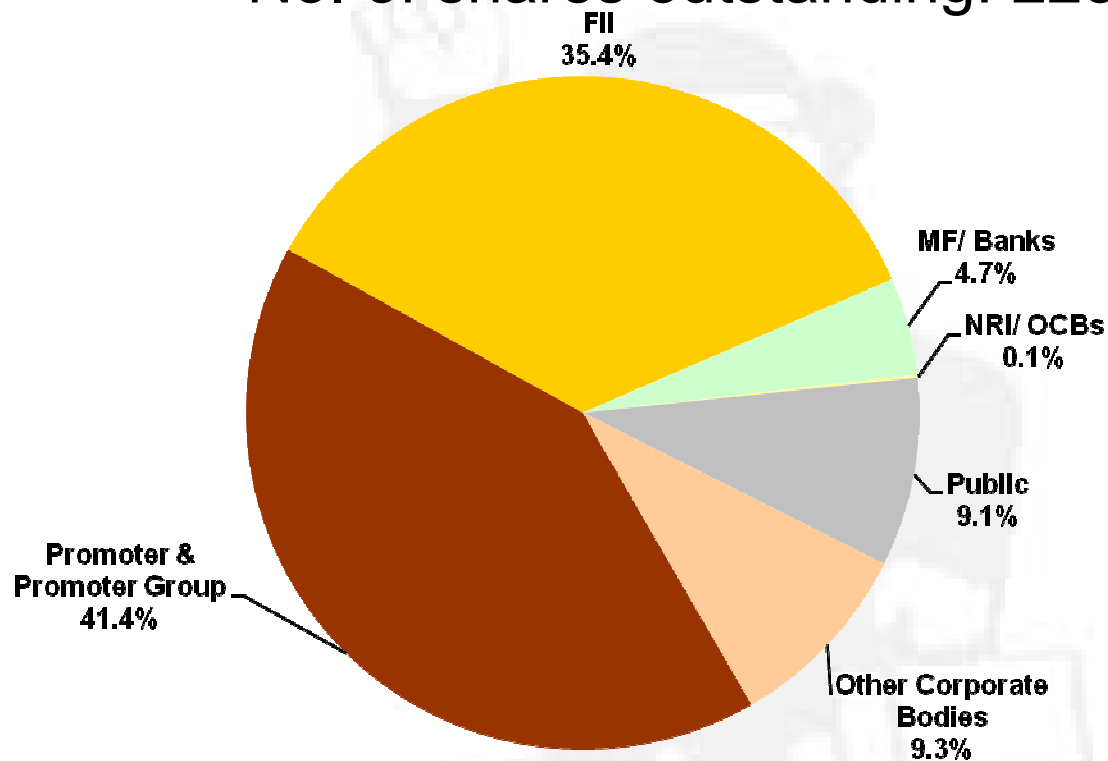
## 5 Annexures



# Shareholding Structure as on June 30, 2010



No. of shares outstanding: 225.52mn





# Profit and Loss Statement

|  | <i>Rs mn</i>    |                 |                 |               |              |                 |
|--|-----------------|-----------------|-----------------|---------------|--------------|-----------------|
| <b>Profit &amp; Loss Statement</b>                                   | <b>Q1 FY'10</b> | <b>Q4 FY'10</b> | <b>Q1 FY'11</b> | <b>YoY %</b>  | <b>QoQ %</b> | <b>FY'10</b>    |
| Interest Income  | 9,038.3         | 8,742.0         | 8,739.7         | -3.30%        | -0.03%       | 37,506.7        |
| Interest Expense   | 5,384.3         | 5,521.5         | 5,450.4         | 1.23%         | -1.29%       | 21,862.2        |
| Net Interest Income  | 3,654.0         | 3,220.5         | 3,289.3         | -9.98%        | 2.14%        | 15,644.5        |
| Income from Securitisation   | 1,036.9         | 3,241.5         | 3,724.8         | 259.21%       | 14.91%       | 6,531.0         |
| <b>Net Interest Income including Income from Securitisation</b>      | <b>4,690.9</b>  | <b>6,462.0</b>  | <b>7,014.1</b>  | <b>49.52%</b> | <b>8.54%</b> | <b>22,175.5</b> |
| Fees for Trading   | 62.0            | 81.8            | 60.6            | -2.20%        | -25.88%      | 305.3           |
| Other Operating Income   | 83.7            | 99.0            | 292.3           | 249.11%       | 195.17%      | 270.9           |
| Operating Income after Interest Expense                              | 4,836.6         | 6,642.8         | 7,367.0         | 52.32%        | 10.90%       | 22,751.7        |
| Operating expenditure  | 1,454.3         | 1,512.7         | 1,747.8         | 20.18%        | 15.54%       | 5,511.9         |
| <b>Core Operating Profit (before Provisions &amp; Contingencies)</b> | <b>3,382.3</b>  | <b>5,130.0</b>  | <b>5,619.2</b>  | <b>66.14%</b> | <b>9.54%</b> | <b>17,239.8</b> |
| Other Income   | 22.1            | 8.0             | 6.8             | -69.10%       | -14.43%      | 74.9            |
| <b>Operating Profit</b>  | <b>3,404.4</b>  | <b>5,138.0</b>  | <b>5,626.0</b>  | <b>65.26%</b> | <b>9.50%</b> | <b>17,314.7</b> |
| Provisions for Bad Debts   | 935.2           | 1,011.5         | 1,280.8         | 36.95%        | 26.62%       | 4,068.8         |
| <b>PBT</b>   | <b>2,469.2</b>  | <b>4,126.5</b>  | <b>4,345.2</b>  | <b>75.98%</b> | <b>5.30%</b> | <b>13,245.9</b> |
| Tax  | 825.0           | 1,482.2         | 1,455.8         | 76.48%        | -1.78%       | 4,514.7         |
| <b>PAT</b>   | <b>1,644.2</b>  | <b>2,644.3</b>  | <b>2,889.4</b>  | <b>75.73%</b> | <b>9.27%</b> | <b>8,731.2</b>  |
| <b>EPS (Rs)</b>  | <b>8.01</b>     | <b>11.95</b>    | <b>12.81</b>    | <b>59.93%</b> | <b>7.20%</b> | <b>41.09</b>    |
| <b>Total CRAR %</b>  | <b>17.08%</b>   | <b>21.35%</b>   | <b>23.23%</b>   | <b>36.01%</b> | <b>8.81%</b> | <b>21.35%</b>   |
| <b>Book Value (Rs)</b>   | <b>127.54</b>   | <b>170.36</b>   | <b>183.19</b>   | <b>43.63%</b> | <b>7.53%</b> | <b>170.36</b>   |
| <b>Key Ratios (%)</b>  | <b>Q1 FY'10</b> | <b>Q4 FY'10</b> | <b>Q1 FY'11</b> |               |              | <b>FY'10</b>    |
| Net Interest Margin  | 6.62%           | 7.82%           | 8.25%           |               |              | 7.27%           |
| Return on Avg. Net Worth   | 26.23%          | 30.49%          | 28.99%          |               |              | 29.65%          |
| Return on Avg. Assets  | 2.65%           | 3.85%           | 4.24%           |               |              | 3.31%           |

# Balance Sheet

|                      | <i>Rs mn</i>     |                  |                  |               |              |                  |
|----------------------|------------------|------------------|------------------|---------------|--------------|------------------|
| <b>Balance Sheet</b> | <b>Q1 FY'10</b>  | <b>Q4 FY'10</b>  | <b>Q1 FY'11</b>  | <b>YoY %</b>  | <b>QoQ %</b> | <b>FY'10</b>     |
| <b>Liabilities</b>   |                  |                  |                  |               |              |                  |
| Shareholder Funds    |                  |                  |                  |               |              |                  |
| Equity Capital       | 2,115.7          | 2,255.4          | 2,255.4          | 6.60%         | 0.00%        | 2,255.4          |
| Reserves             | 24,868.9         | 36,168.4         | 39,060.7         | 57.07%        | 8.00%        | 36,168.4         |
| Preference Capital   |                  |                  |                  |               |              |                  |
| Loans                |                  |                  |                  |               |              |                  |
| Secured              | 170,365.7        | 151,724.8        | 155,565.6        | -8.69%        | 2.53%        | 151,724.8        |
| Unsecured            | 31,293.2         | 32,874.3         | 39,723.9         | 26.94%        | 20.84%       | 32,874.3         |
| Current Liabilities  | 25,384.8         | 46,573.6         | 48,380.4         | 90.59%        | 3.88%        | 46,573.6         |
| <b>Total</b>         | <b>254,028.3</b> | <b>269,596.5</b> | <b>284,986.0</b> | <b>12.19%</b> | <b>5.71%</b> | <b>269,596.5</b> |
| <b>Assets</b>        |                  |                  |                  |               |              |                  |
| Fixed Assets         | 1,279.0          | 464.5            | 448.5            | -64.94%       | -3.44%       | 464.5            |
| Loans & Advances     | 787.0            | 912.9            | 1,381.9          | 75.59%        | 51.37%       | 912.9            |
| Cash & Bank balances | 41,252.8         | 45,373.3         | 40,078.5         | -2.85%        | -11.67%      | 45,373.3         |
| Investments          | 13,243.9         | 18,560.2         | 17,665.7         | 33.39%        | -4.82%       | 18,560.2         |
| Truck receivables    | 193,346.2        | 179,460.5        | 203,228.2        | 5.11%         | 13.24%       | 179,460.5        |
| Deferred Tax Asset   | 334.9            | 747.2            | 879.0            | 162.47%       | 17.64%       | 747.2            |
| Current Assets       | 3,784.5          | 24,077.9         | 21,304.2         | 462.94%       | -11.52%      | 24,077.9         |
| <b>Total</b>         | <b>254,028.3</b> | <b>269,596.5</b> | <b>284,986.0</b> | <b>12.19%</b> | <b>5.71%</b> | <b>269,596.5</b> |

| <b>Spread Analysis</b>              | <b>Q1 FY'10</b> | <b>Q4 FY'10</b> | <b>Q1 FY'11</b> | <b>FY'10</b> |
|-------------------------------------|-----------------|-----------------|-----------------|--------------|
| Total Income/ Avg. total assets     | 16.52%          | 17.70%          | 18.82%          | 16.94%       |
| Interest cost/ Avg. total assets    | 8.68%           | 8.03%           | 8.00%           | 8.29%        |
| <b>Gross Spread</b>                 | <b>7.84%</b>    | <b>9.67%</b>    | <b>10.82%</b>   | <b>8.65%</b> |
| NPA provisioning/ Avg. total assets | 1.51%           | 1.47%           | 1.88%           | 1.54%        |
| Overhead Cost/ Avg. total assets    | 2.35%           | 2.20%           | 2.57%           | 2.09%        |
| <b>Net Spread</b>                   | <b>3.98%</b>    | <b>6.00%</b>    | <b>6.37%</b>    | <b>5.02%</b> |

## Details of Key Parameters (Profit & Loss Account)

| Particulars              |        | Q1<br>FY 2009 10 | Q4<br>FY 2009 10 | Q1<br>FY 2010 11 | %<br>YoY | %<br>QoQ | Year ended<br>FY 2010 |
|--------------------------|--------|------------------|------------------|------------------|----------|----------|-----------------------|
| Total Income             | Rs. mn | 10,297.7         | 12,281.7         | 12,869.3         | 24.97%   | 4.78%    | 44,958.7              |
| Interest Income          | Rs. mn | 9,038.3          | 8,742.0          | 8,739.7          | -3.30%   | -0.03%   | 37,506.7              |
| Securitisation Income    | Rs. mn | 1,036.9          | 3,241.5          | 3,724.8          | 259.22%  | 14.91%   | 6,531.0               |
| Total Interest Income    | Rs. mn | 10,075.2         | 11,983.5         | 12,464.5         | 23.71%   | 4.01%    | 44,037.7              |
| Less : Interest Expenses | Rs. mn | 5,384.3          | 5,521.5          | 5,450.4          | 1.23%    | -1.29%   | 21,862.2              |
| Net Interest Income      | Rs. mn | 4,690.9          | 6,462.0          | 7,014.1          | 49.53%   | 8.54%    | 22,175.5              |
| Other Income             | Rs. mn | 105.8            | 107.0            | 299.1            | 182.70%  | 179.53%  | 345.8                 |
| Fee for Trading          | Rs. mn | 62.0             | 81.8             | 60.6             | -2.26%   | -25.92%  | 305.3                 |
| Total Income             | Rs. mn | 4,858.7          | 6,650.8          | 7,373.8          | 51.76%   | 10.87%   | 22,826.6              |
| Cost to Income Ratio     | %      | 29.93            | 22.75            | 23.70            | -20.82%  | 4.18%    | 24.11                 |
| Profit after Tax         | Rs. mn | 1,644.2          | 2,644.3          | 2,889.4          | 75.7%    | 9.3%     | 8,731.2               |
| EPS                      | Rs.    | 8.01             | 11.95            | 12.81            | 59.93%   | 7.20%    | 41.09                 |
| ROA                      | %      | 2.65             | 3.85             | 4.24             | 60.00%   | 10.13%   | 3.31                  |
| ROE                      | %      | 26.23            | 30.49            | 28.99            | 10.52%   | -4.92%   | 29.65                 |
| NIM (on AUM)             | %      | 6.62             | 7.82             | 8.25             | 24.62%   | 5.50%    | 7.27                  |

## Details of Key Parameters (Balance Sheet)

| Particulars                   |               | Q1<br>FY 2009 10 | Q4<br>FY 2009 10 | Q1<br>FY 2010 11 | %<br>YoY       | %<br>QoQ       | Year ended<br>FY 2010 |
|-------------------------------|---------------|------------------|------------------|------------------|----------------|----------------|-----------------------|
| <b>Asset under Management</b> |               |                  |                  |                  |                |                |                       |
| - On Books                    | Rs. mn        | 193,358.6        | 179,460.5        | 203,228.2        | 5.10%          | 13.24%         | 179,460.5             |
| - Off Books                   | Rs. mn        | 49,390.1         | 111,800.3        | 99,160.6         | 100.77%        | -11.31%        | 111,800.3             |
| <b>Total AUM</b>              | <b>Rs. mn</b> | <b>242,748.7</b> | <b>291,260.8</b> | <b>302,388.8</b> | <b>24.57%</b>  | <b>3.82%</b>   | <b>291,260.8</b>      |
| <b>Disbursement</b>           |               |                  |                  |                  |                |                |                       |
| - Used CV                     | Rs. mn        | 26,378.4         | 30,897.2         | 33,331.3         | 26.36%         | 7.88%          | 118,294.2             |
| - New CV                      | Rs. mn        | 6,217.4          | 8,132.8          | 6,404.8          | 3.01%          | -21.25%        | 28,541.7              |
| <b>Total Disbursement</b>     | <b>Rs. mn</b> | <b>32,595.8</b>  | <b>39,030.0</b>  | <b>39,736.1</b>  | <b>21.91%</b>  | <b>1.81%</b>   | <b>146,835.9</b>      |
| <b>Securitisation done</b>    | <b>Rs. mn</b> | <b>1,946.0</b>   | <b>54,945.0</b>  | -                | -              | -              | <b>87,568.0</b>       |
| <b>Gross NPA</b>              | <b>%</b>      | <b>2.22</b>      | <b>2.83</b>      | <b>2.50</b>      | <b>12.61%</b>  | <b>-11.66%</b> | <b>2.83</b>           |
| <b>Net NPA</b>                | <b>%</b>      | <b>0.81</b>      | <b>0.71</b>      | <b>0.44</b>      | <b>-45.68%</b> | <b>-38.03%</b> | <b>0.71</b>           |
| <b>Gross NPA</b>              | <b>Rs. mn</b> | <b>4,300.2</b>   | <b>5,112.7</b>   | <b>5,095.4</b>   | <b>18.49%</b>  | <b>-0.34%</b>  | <b>5,112.7</b>        |
| <b>Net NPA</b>                | <b>Rs. mn</b> | <b>1,542.8</b>   | <b>1,248.7</b>   | <b>880.5</b>     | <b>-42.93%</b> | <b>-29.49%</b> | <b>1,248.7</b>        |
| <b>Coverage Ratio</b>         | <b>%</b>      | <b>64.12</b>     | <b>75.58</b>     | <b>82.72</b>     | <b>29.01%</b>  | <b>9.45%</b>   | <b>75.58</b>          |
| <b>CRAR</b>                   | <b>%</b>      | <b>17.08</b>     | <b>21.35</b>     | <b>23.23</b>     | <b>36.01%</b>  | <b>8.81%</b>   | <b>21.35</b>          |
| <b>Book Value</b>             | <b>Rs.</b>    | <b>127.54</b>    | <b>170.36</b>    | <b>183.19</b>    | <b>43.63%</b>  | <b>7.53%</b>   | <b>170.36</b>         |

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### **About Shriram Transport Finance Co. Ltd.**

Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with assets under management of Rs 302.4 bn. The company is a leader in organized financing of pre-owned trucks with strategic presence in 5-12 year old trucks and a market share of 20-25%. It has a pan-India presence with a network of 60 SBUs and 484 branches, and employs 14,254 employees including 7,715 field officers. The company has built a strong customer base of over 0.7 mn. Over the past 30 years, it 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. For more information please visit [www.stfc.in](http://www.stfc.in)

### **Forward Looking Statement**

*Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.*



**Thank You**

