



SHRIRAM TRANSPORT FINANCE COMPANY LTD

JUNE 2015

01 Company Snapshot

02 Business Analysis

03 Recent Performance

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01

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's
- ↳ 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 1.2 mn as of June 30, 2015
- ↳ Employee strength of approximately 16,061 including 9,403 product/credit executives as of June 30, 2015
- ↳ Listed on the National Stock Exchange and Bombay Stock Exchange with a market capitalisation of ~Rs. 200 bn
- ↳ Foreign institutional investors hold 52.1% of the company equity.

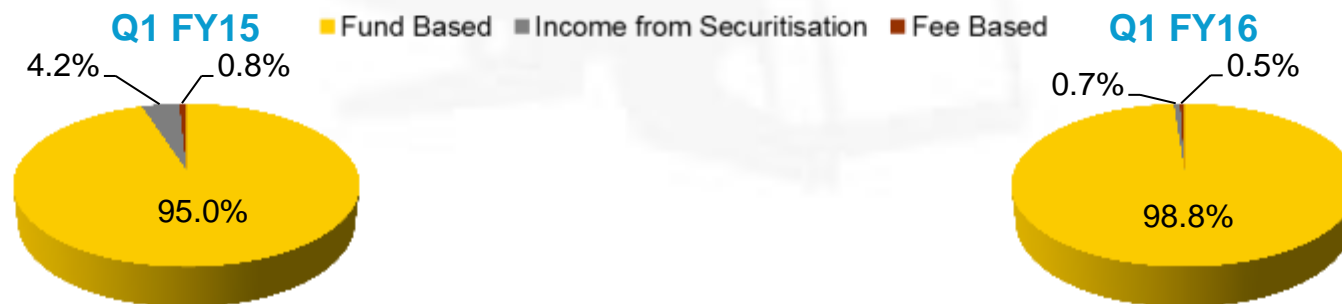
Large Assets Under Management (as on June 30, 2015)*

- ↳ Total Assets Under Management (AUM)
 - Pre-Owned CV: Approximately Rs. 558.1 bn
 - New CV: Approximately Rs. 46.8 bn
 - Others: Approximately Rs. 0.36 bn

Extensive Distribution Network

- ↳ Pan-India presence through a network of
 - 770 branch offices
 - 765 rural centres
- ↳ Partnership with over 500 Private Financiers

Operating Revenue Break Up*



*Note – Standalone numbers

Corporate History

AUM: Rs 591.08 bn

As of March 31, 2015

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 1st 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 ChrysCapital (2005) and TPG (2006)

2009

- Successfully placed Rs. 10 bn of NCD with domestic investors
- Purchased hypothecation loan outstandings of commercial vehicles and construction equipment's 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 & 2-5 Years Old CVs)

Lending yields 18-24% (5-12 years)
Lending yields 15-16% (2-5 years)

New

Lending yields 14-16%

Target Segment

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

Existing customer base upgrading to new trucks

Market Share

Leadership position with a market share of 25-27%

5-6%

Performance

AUM of approximately Rs. 558.12 bn at the end of Q1 FY16

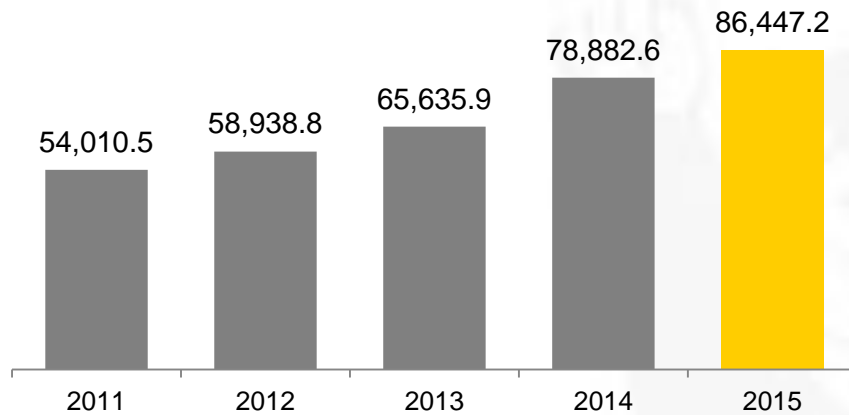
AUM of approximately Rs. 46.83 bn at the end of Q1 F16

Vehicles sold

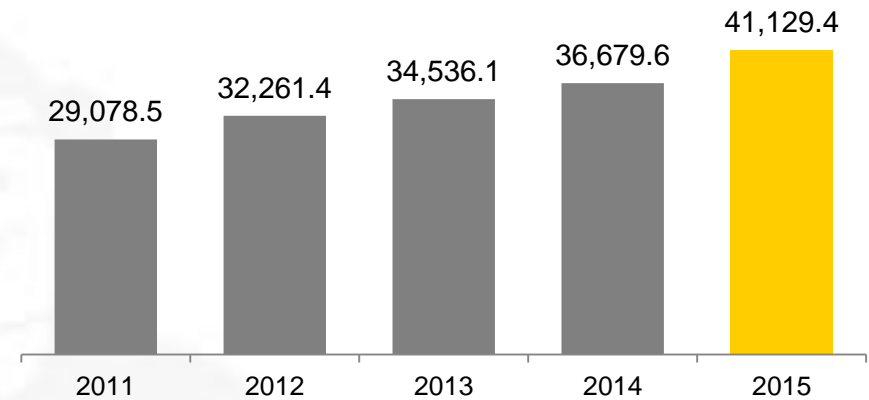
	FY09	FY10	FY11	FY12	FY13	FY14	FY15
LCV	200,699	287,777	361,846	460,831	524,887	432,233	382,206
MHCV	183,495	244,944	323,059	348,701	268,263	200,618	232,755
Total	384,194	532,721	684,905	809,532	793,150	632,851	614,961

With a Strong Financial Track Record

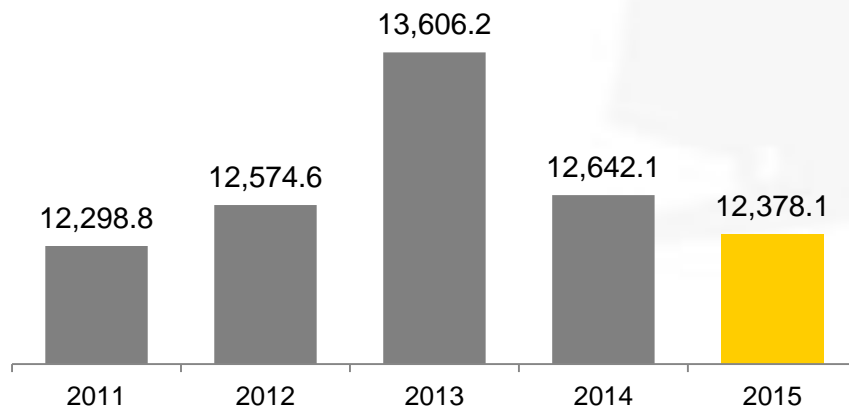
Total Income (Rs mn)



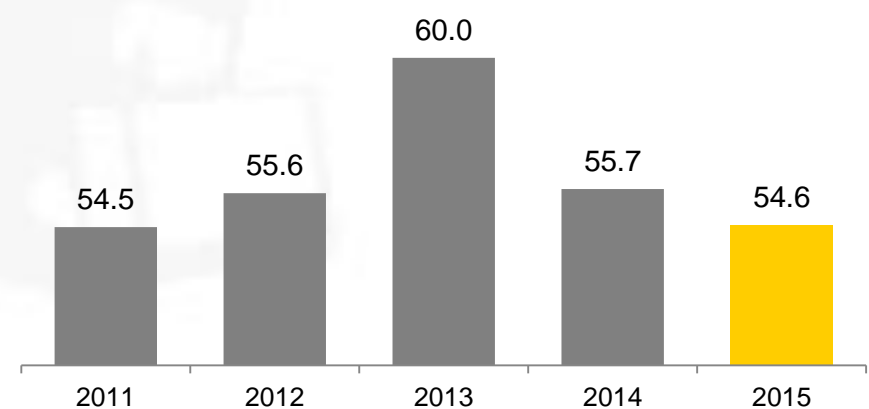
Net Interest Income (Rs mn)



Net Profit (Rs mn)



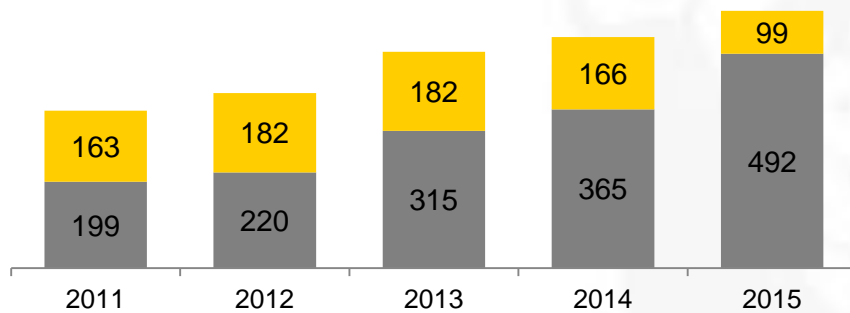
EPS (Rs)



Driven by Fast Growth in AUM with Low NPAs

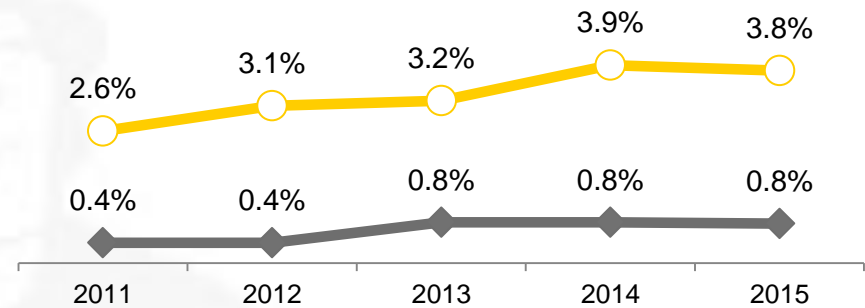
AUM (Rs bn)

■ On-Books ■ Off-Books

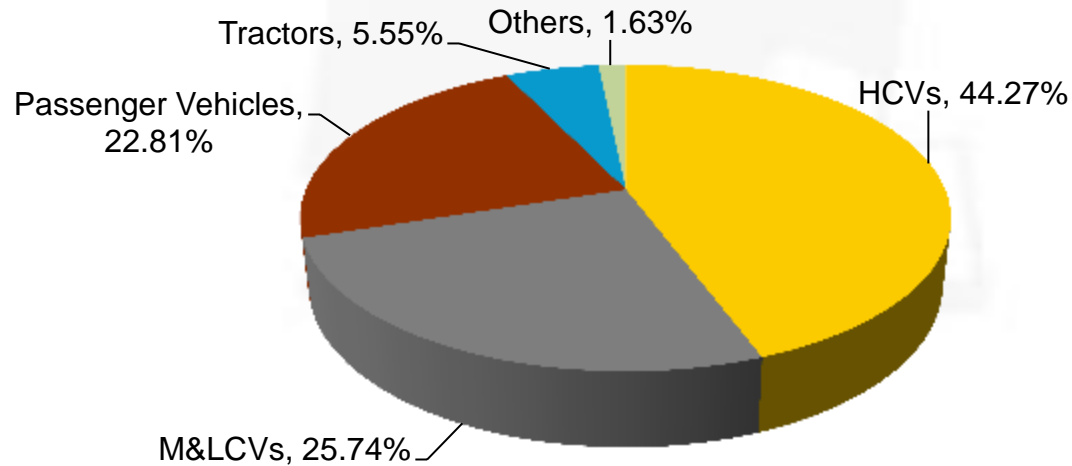


NPA Levels

◆ Net NPA ○ Gross NPA



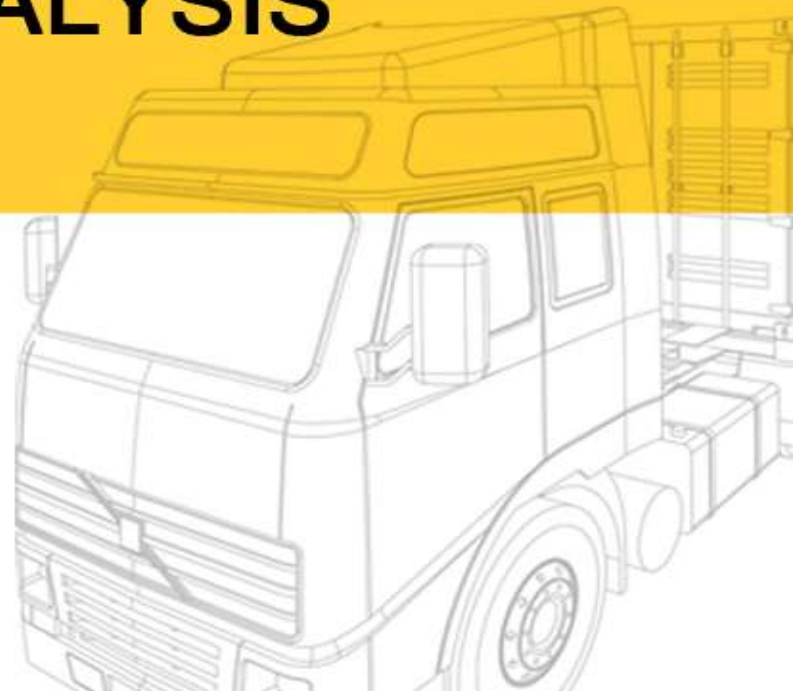
AUM Break-up





02

BUSINESS ANALYSIS



Strengths

1

Widespread Geographical Reach

2

Valuation Skills & Recovery/Collection Operation

3

Healthy Balance Sheet

4

Highly Experienced Management Team

5

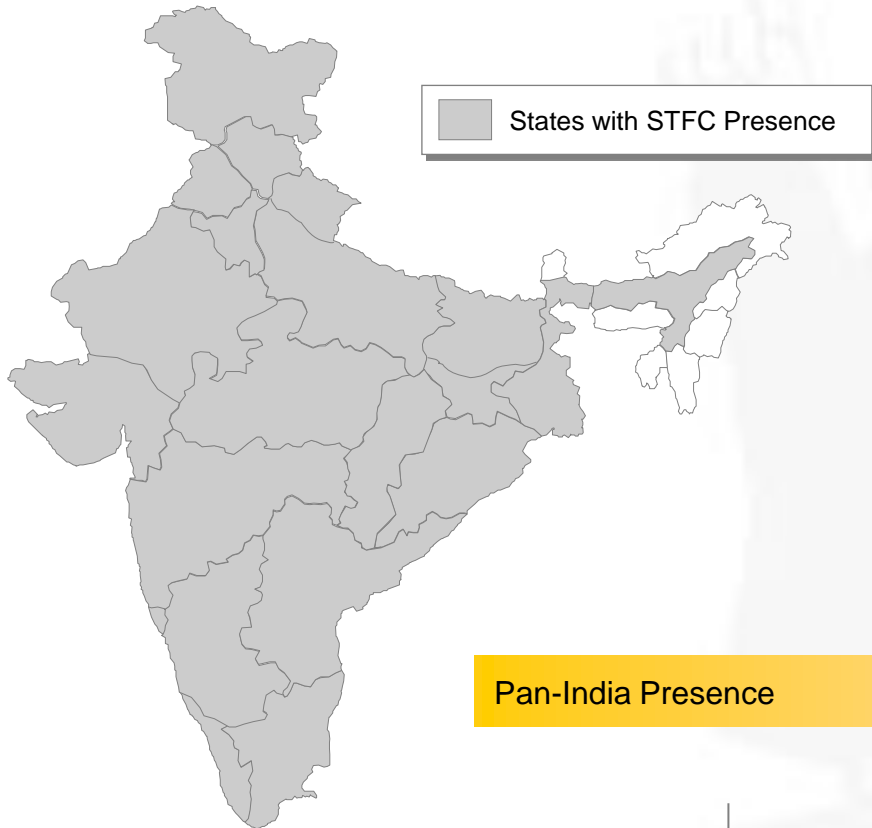
Organizational Structure: Strong Risk Management Mechanism

6

Strengthening Presence and Expanding Reach

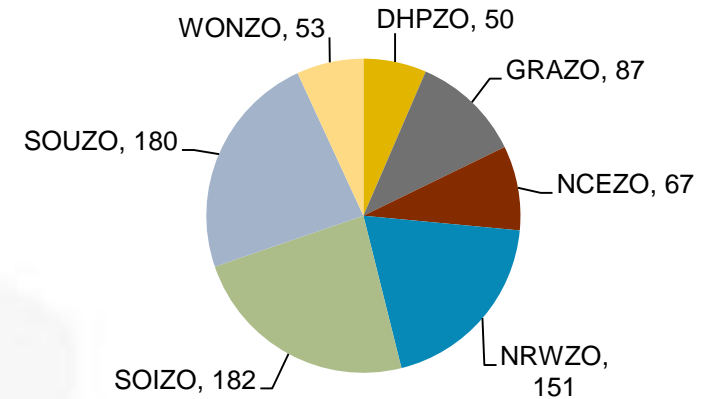
Geographical Reach & Proximity to the Customer

Branch Locations Across India



Regional Split of Branches

As on JUNE 30, 2015



Pan-India Presence

770

Branch
Offices

765

Rural
Centres

Tie up with Appx.

500

Private
Financiers

16,061

Employees
including

9,403

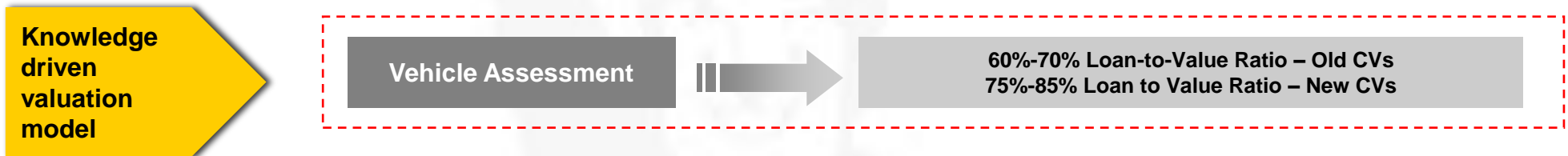
Field
Officers

Valuation Skills & Recovery/Collection Operation: Leveraging on Relationships

2

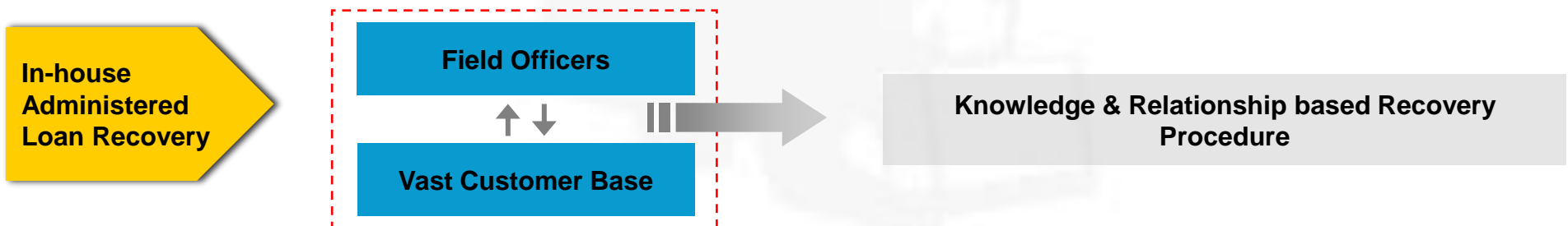
Valuation Skills:

- ↳ 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



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



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

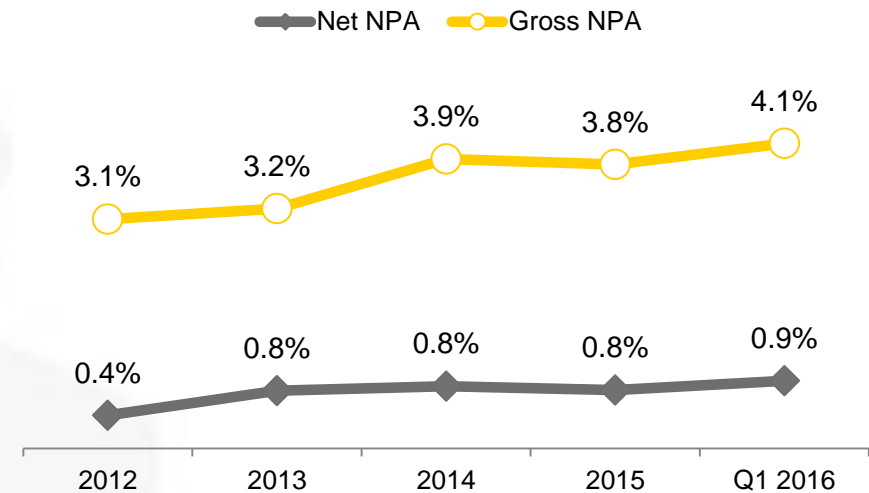
Reasons for Low Delinquency

- ↳ 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



Coverage ratio of above 79% between Gross/Net NPA as on June, 2015

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
- ↪ Last fund raising : 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, 2015 : 20.05%

Key Shareholders*	Current Shareholding (Mn Shares)	% age
Shriram Capital	59.10	26.05
Piramal Enterprises	22.60	9.96
Sanlam Life Insurance	6.76	2.98
Small Cap World Fund, Inc.	4.78	2.11
Centaura Investments	4.49	1.98
Stichting Pensioenfonds	3.18	1.40
Vanguard Emerging Market Stock Index Fund	3.06	1.35
Government of Singapore	2.83	1.25
Ontario Teachers	2.82	1.24
New World Fund, Inc	2.64	1.16
Public & Others	114.62	50.52
Total	226.88	100.00

*As on June 30, 2015

Large Investments by major Institutional and Private Equity Investors

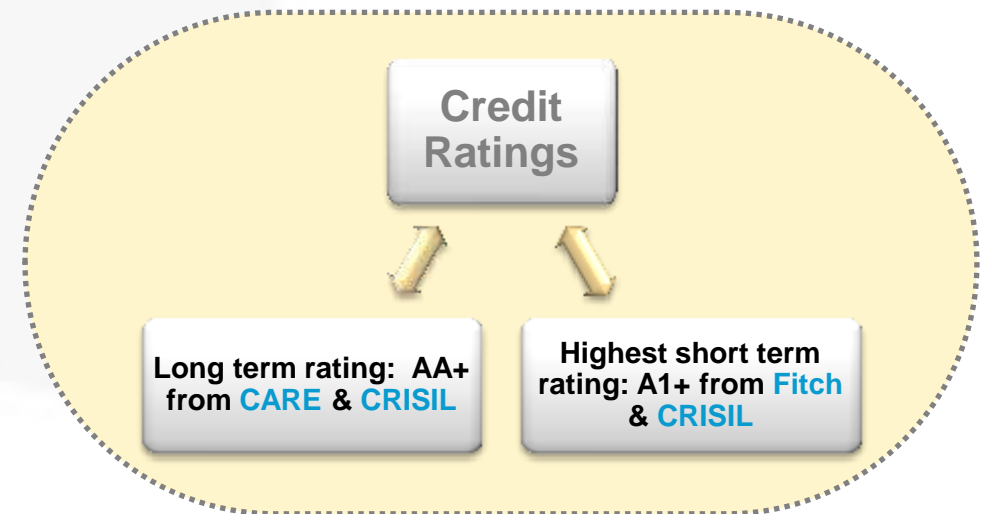
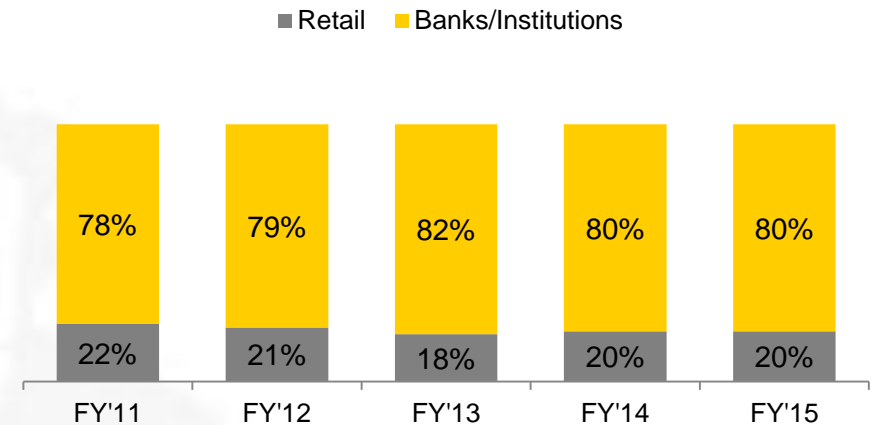
Borrowings

- ↳ 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. 87.59 bn at the end of Q1 FY16
- ↳ Conservative recognition of income on account of amortization of securitization income over the tenor of the agreements

Funding Mix as % of Overall Liabilities



Umesh Revankar**CEO & Managing Director**

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

Vinay Kelkar**Deputy Managing Director**

- ↳ Over 32 years experience and 20 years of experience in finance industry.
- ↳ Joined in 1995 and now heads the Compliance and Accounts function, a qualified Chartered Accountant & Cost Accountant.

Parag Sharma**Executive Director & CFO**

- ↳ Over 24 years experience in finance industry.
- ↳ Joined in 1995 and now heads the Finance function, a qualified Cost Accountant.

S. Sunder**Executive Director (Accounts & Admn.)**

- ↳ Over 24 years experience in finance industry.
- ↳ Joined in 1995 and now heads the Accounts and Administration function, a qualified Cost Accountant.

Sanjay K Mundra**Senior Vice President (Investor and Media Relations)**

- ↳ Over 21 years experience in the finance Industry.
- ↳ Joined in 2007, a qualified Company Secretary.

**Subramanian
Laksminarayanan**

Chairman

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

Umesh Revankar

**CEO & Managing
Director**

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

S. Sridhar

Director

- ↳ Former Chairman & Managing Director of Central Bank of India, with nearly four decades of experience in commercial and development banking out of which 13 years were at the CEO/Board level.
- ↳ Currently, he serves as an Independent Director on the Boards of various companies, and also as a consultant to financial services companies.

Amitabh Chaudhry

Director

- ↳ Over two decades of experience in financial services, MBA from IIM Ahmedabad & B. Tech from BITS, Pilani.
- ↳ Holds directorship in HDFC Standard Life Insurance Co. Ltd. & HDFC Pension Management Co. Ltd., Manipal Global education Pvt. Ltd. and Credila Financial Services Private Limited.

D V Ravi

Director

- ↳ Joined CV Finance business of Shriram Group in 1992 as Head of Investment Servicing.
- ↳ Currently serves as Managing Director of Shriram Capital Ltd.
- ↳ Spearheaded several successful M&A's for TAKE.
- ↳ Started his career in Strategy and Finance in 1987 with Karnataka Oil Seeds Federation, Bengaluru.
- ↳ Commerce graduate from University of Bangalore and holds PG Diploma in Management from IMRA, Anand.

Mrs. Kishori Udeshi**Director**

- ↳ Holds degree in MA in Economics. First women Deputy Governor of RBI and also on the Board of SEBI, NABARD & EXIM Bank.
- ↳ Holds directorship in HSBC Asset Management (India) Pvt. Ltd, ION Exchange (India) Ltd., HALDYN Glass Ltd., Thomas Cook Insurance Services (India) Ltd., Elantas Beck India Ltd. and Shriram Automall India Limited.

Puneet Bhatia**Director**

- ↳ MD 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.

Sumatiprasad M Bafna**Director**

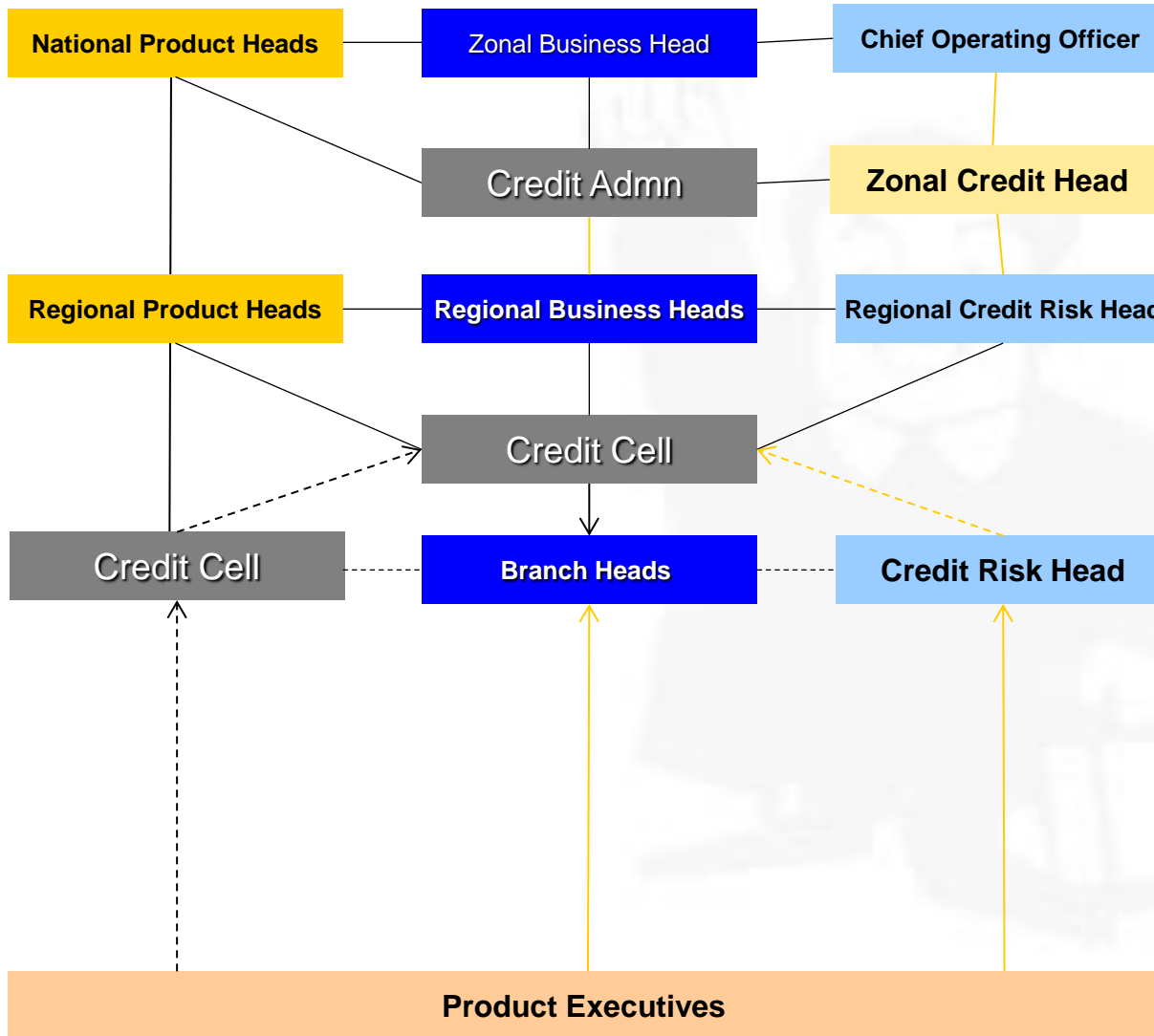
- ↳ Has extensive experience in the transportation business
- ↳ He currently serves on the board of directors of Bafna Aviation Pvt. Ltd., Bafna Motors (Mumbai) Pvt. Ltd., Isuta Electronics (India) Ltd, Bafna Motors (Ratnagiri) Pvt Ltd, Kishore Transport Services Pvt. Ltd. etc.

Gerrit Lodewyk Van Heerde**Director**

- ↳ Chief Financial Officer of Sanlam Emerging Markets.
- ↳ Has 22 years of experience in the financial services industry and has represented Sanlam at various other boards.

Organizational Structure: Strong Risk Management Mechanism

5



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 Heads (770 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

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, 2015

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. 260 bn for FY15 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. 310 bn in FY15

Construction Equipment Financing

- Market expected to reach over Rs. 400 bn in 2015 driven by huge infrastructure spending during the 11th 5-Year Plan estimated at approximately Rs. 20 tn

Automall

- Platform to facilitate buyers and sellers to meet for sale of pre-owned CVs, where Shriram Automall, 100% subsidiary can earn commission fees through its advisory services and STFC will provide financing to the buyer
- Shriram Automall is creating a market for pre-owned trucks in organised and transparent manner and planning to create 50 – 60 such automall

Over 0.6 mn Customer Base

AutoMalls



- ↳ Unparalleled physical auction model in the country.
- ↳ Opportunity for sellers and financial institutions to sell assets and realize the best value with bidding by 300 and more bidders in every auction.
- ↳ 52 Automalls in operation.
- ↳ Over 0.3 mn assets sold.
- ↳ Automalls in addition would be offering host of services like valuation, parking, financing etc.

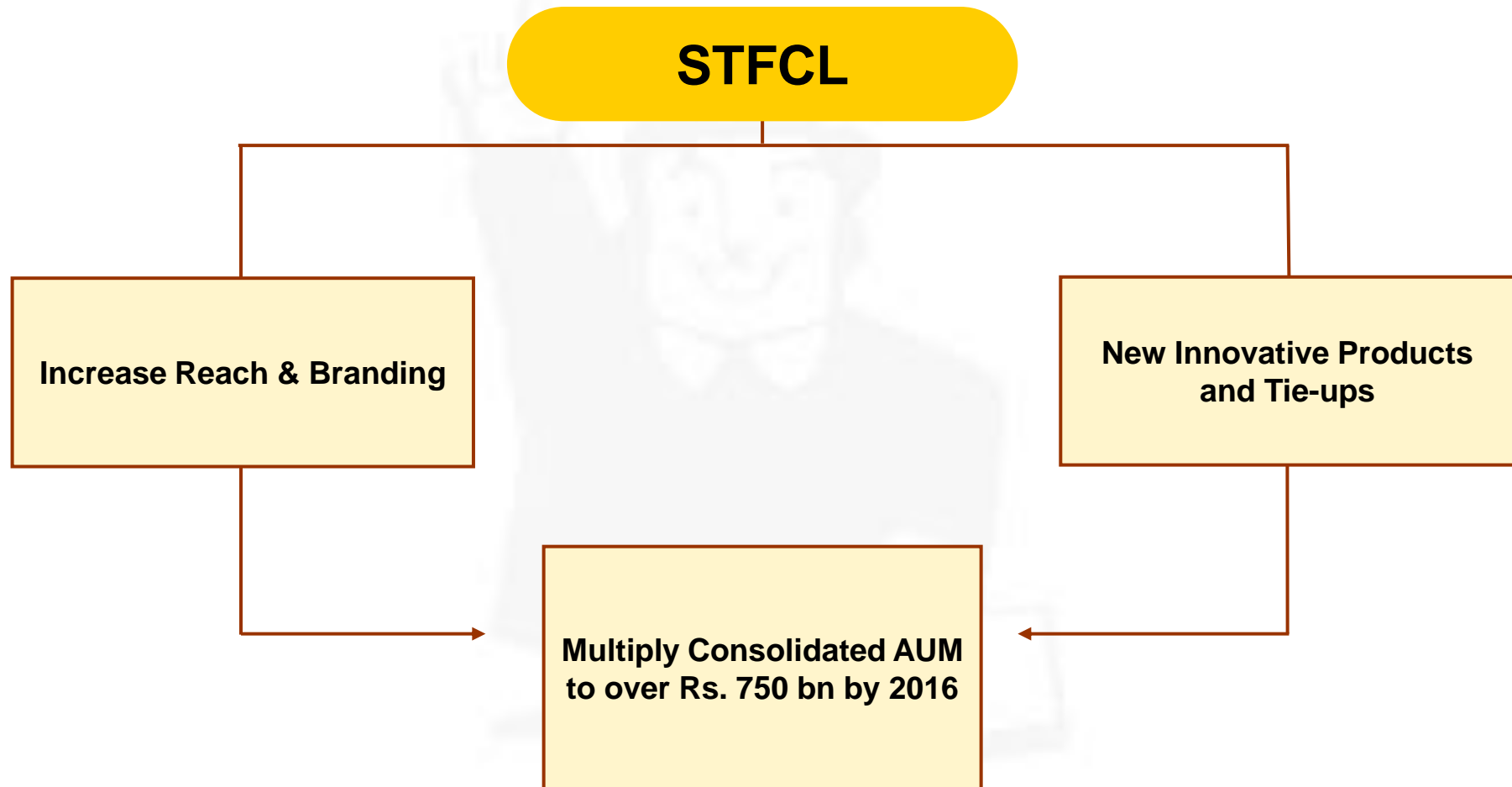
Touch Screen Kiosks



- ↳ Touch Screen Kiosks are Virtual Truck Bazaars-Buy & Sell as per convenience.
- ↳ Facilitates Buyer and Sellers to purchase and sell vehicles at the Right price.
- ↳ Kiosks available in ~500 branches across the length and breadth of the country.
- ↳ Over 0.25 mn transactions executed.



These initiatives would help STFC gain the Trust of those associated with the Transport and Equipment Industry



Well Planed Strategy for Future Growth



03

RECENT PERFORMANCE



Standalone Performance Review Q1 FY'16 vs Q1 FY'15

Total Income	16.7% ↑	Q1 FY16	Rs 23,533.4 mn
		Q1 FY15	Rs 20,171.9 mn
PAT	4.8% ↑	Q1 FY16	Rs 3,211.1 mn
		Q1 FY15	Rs 3,064.2 mn
Net Interest Income*	18.9% ↑	Q1 FY16	Rs 11,506.7 mn
		Q1 FY15	Rs 9,675.9 mn
EPS	4.8% ↑	Q1 FY16	Rs 14.15
		Q1 FY15	Rs 13.51

↪ **Stable asset quality** with Gross NPAs and the Net NPA at 4.07% & 0.90% respectively and the Net NPA in absolute amount stands at Rs. 4,578.5 mn (Coverage ratio maintained around 79%)

↪ **Employee strength** decreased by 1,014 taking the total strength to 16,061 from 17,075 including 9,403 field executives.

Profit and Loss Statement (Rs in mn)

Profit & Loss Statement	Q1 FY'15	Q4 FY'15	Q1 FY'16	YoY %	QoQ %	FY'15
Interest Income	17,079.6	21,363.7	22,014.5	28.89%	3.05%	77,779.0
Interest expended	9,870.7	11,885.9	11,971.6	21.28%	0.72%	44,028.7
Net Interest Income	7,208.9	9,477.8	10,042.9	39.31%	5.96%	33,750.3
Income from Securitisation	2,583.0	1,452.4	1,506.9	-41.66%	3.75%	7,696.1
Less : Securitisation expenses	116.0	76.6	43.1	-62.83%	-43.69%	317.0
Income from Securitisation (Net)	2,467.0	1,375.8	1,463.8	-40.66%	6.40%	7,379.1
Net Interest Income incl. Securitisation Gain	9,675.9	10,853.6	11,506.7	18.92%	6.02%	41,129.4
Other fee based income	2.9	3.0	1.9	-33.31%	-36.35%	11.9
Operating Income	9,678.8	10,856.6	11,508.6	18.91%	6.01%	41,141.3
Operating expenditure	2,514.7	2,991.1	2,905.3	15.53%	-2.87%	10,782.6
Core Operating Profit (before Prov. & Cont.)	7,164.1	7,865.5	8,603.3	20.09%	9.38%	30,358.7
Other Income	233.5	157.1	145.9	-37.51%	-7.12%	694.8
Operating Profit	7,397.6	8,022.6	8,749.2	18.27%	9.06%	31,053.5
Provisions for Bad Debts	2,873.8	3,233.9	3,903.5	35.83%	20.71%	12,331.4
Provisions against Standard Assets	91.9	6.9	55.6	-39.52%	709.78%	298.2
PBT	4,431.9	4,781.8	4,790.1	8.08%	0.17%	18,423.9
Tax	1,367.7	1,614.5	1,579.0	15.45%	-2.20%	6,045.8
PAT	3,064.2	3,167.3	3,211.1	4.79%	1.38%	12,378.1
EPS (Rs)	13.51	13.96	14.15	4.79%	1.38%	54.56
Tier I CRAR %	17.46%	16.40%	16.37%	-6.22%	-0.16%	16.40%
Tier II CRAR %	5.43%	4.12%	3.68%	-32.29%	-10.83%	4.12%
Total CRAR %	22.89%	20.52%	20.05%	-12.41%	-2.31%	20.52%
Book Value (Rs)	376.34	405.54	419.87	11.57%	3.53%	405.54
Key Ratios (%)	Q1 FY'15	Q4 FY'15	Q1 FY'16	YoY %	QoQ %	FY'15
Return on Avg. Net Worth	14.55%	13.83%	13.67%	-6.05%	-1.18%	14.03%
Return on Avg. Assets	2.46%	2.17%	2.14%	-12.76%	-1.18%	2.28%
Interest Coverage Ratio	2.02	1.93	1.98	-1.93%	2.28%	1.96

Key Metrics – P&L

Particulars		Q1	Q4	Q1	%	%	Year ended
		FY 2014 15	FY 2014 15	FY 2015 16	YoY	QoQ	FY 2015
Interest Income	mn	17,079.6	21,363.7	22,014.5	28.89%	3.05%	77,779.0
Securitisation Income	mn	2,467.0	1,375.8	1,463.8	-40.66%	6.40%	7,379.1
Total Interest Income	mn	19,546.6	22,739.5	23,478.3	20.11%	3.25%	85,158.1
Less : Interest Expenses	mn	9,870.7	11,885.9	11,971.6	21.28%	0.72%	44,028.7
Net Interest Income	mn	9,675.9	10,853.6	11,506.7	18.92%	6.02%	41,129.4
Other Income	mn	236.4	160.2	147.9	-37.44%	-7.68%	706.7
Operating Income	mn	9,912.3	11,013.8	11,654.6	17.58%	5.82%	41,836.1
Profit after Tax	mn	3,064.2	3,167.3	3,211.1	4.79%	1.38%	12,378.1
Cost to Income Ratio	%	23.06	25.01	23.49	1.86%	-6.07%	23.48
EPS	Rs.	13.51	13.96	14.15	4.79%	1.38%	54.56
ROA	%	2.46%	2.17%	2.14%	-12.76%	-1.18%	2.28%
ROE	%	14.55%	13.83%	13.67%	-6.05%	-1.18%	14.03%
NIM (on AUM)	%	6.54%	6.67%	6.76%	3.36%	1.39%	6.61%

Balance Sheet (Rs in mn)

Balance Sheet	Q1 FY'15	Q4 FY'15	Q1 FY'16	YoY %	QoQ %	FY'15
Liabilities						
<u>Shareholder funds</u>						
(a) Share capital	2,269.1	2,269.1	2,269.1	0.00%	0.00%	2,269.1
(b) Reserves and surplus	83,514.9	90,110.6	93,321.7	11.74%	3.56%	90,110.6
<u>Non-current liabilities</u>						
(a) Long-term borrowings	2,25,020.6	3,15,707.6	3,11,027.0	38.22%	-1.48%	3,15,707.6
(b) Other Long term liabilities	8,988.9	9,713.4	9,764.7	8.63%	0.53%	9,713.4
(c) Long term provisions	13,342.2	15,865.0	17,482.9	31.03%	10.20%	15,865.0
<u>Current liabilities</u>						
(a) Short-term borrowings	38,441.0	26,614.1	24,018.4	-37.52%	-9.75%	26,614.1
(b) Trade payables	4,770.5	11,596.9	12,309.0	158.02%	6.14%	11,596.9
(c) Other current liabilities	1,19,804.1	1,17,416.4	1,30,114.8	8.61%	10.81%	1,17,416.4
(d) Short-term provisions	3,368.5	3,978.4	5,376.3	59.61%	35.14%	3,978.4
Total	4,99,519.8	5,93,271.5	6,05,683.9	21.25%	2.09%	5,93,271.5
Assets						
<u>Non-current assets</u>						
(a) Fixed assets						
(i) Tangible assets	972.1	994.5	966.5	-0.58%	-2.82%	994.5
(ii) Intangible assets	15.3	12.8	20.7	35.29%	61.72%	12.8
(b) Non-current investments	7,621.3	11,142.6	13,136.8	72.37%	17.90%	11,142.6
(c) Deferred tax assets (net)	2,426.0	2,564.8	2,719.4	12.09%	6.03%	2,564.8
(d) Long term loans and advances	2,46,556.7	3,08,228.7	3,27,277.0	32.74%	6.18%	3,08,228.7
(e) Other non-current assets	378.1	931.1	257.1	-32.00%	-72.39%	931.1
<u>Current assets</u>						
(a) Current investments	9,562.5	22,129.2	2,955.0	-69.10%	-86.65%	22,129.2
(b) Cash and bank balances	53,807.3	47,234.0	52,204.4	-2.98%	10.52%	47,234.0
(c) Short-term loans and advances	1,77,352.3	1,99,409.4	2,05,440.7	15.84%	3.02%	1,99,409.4
(d) Other current assets	828.2	624.4	706.3	-14.72%	13.12%	624.4
Total	4,99,519.8	5,93,271.5	6,05,683.9	21.25%	2.09%	5,93,271.5

Key Metrics – Balance Sheet

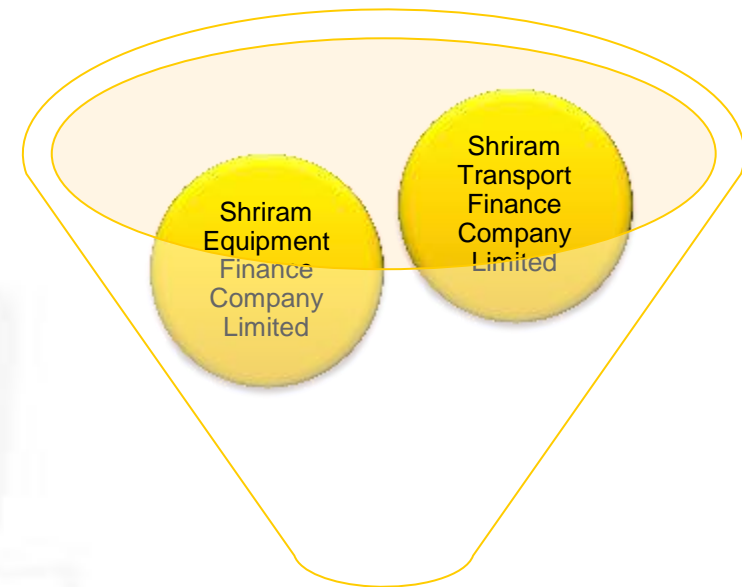
Particulars		Q1	Q4	Q1	%	%	Year ended
		FY 2014 15	FY 2014 15	FY 2015 16	YoY	QoQ	FY 2015
Asset under Management							
- On Books	mn	4,05,062.8	4,92,271.4	5,17,727.0	27.81%	5.17%	4,92,271.4
- Off Books	mn	1,38,733.4	98,811.4	87,590.2	-36.86%	-11.36%	98,811.4
Total AUM	mn	5,43,796.2	5,91,082.8	6,05,317.2	11.31%	2.41%	5,91,082.8
Asset under Management							
- New	mn	56,334.9	46,801.6	46,834.2	-16.86%	0.07%	46,801.6
- Used	mn	4,80,904.0	5,37,420.9	5,58,122.1	16.06%	3.85%	5,37,420.9
- Others	mn	6,557.3	6,860.3	360.9	-94.50%	-94.74%	6,860.3
Total AUM	mn	5,43,796.2	5,91,082.8	6,05,317.2	11.31%	2.41%	5,91,082.8
Securitisation done	mn	1,702	37,844	8,262	385.41%	-78.17%	44,814
Gross NPA	%	3.74%	3.80%	4.07%	8.68%	7.11%	3.80%
Net NPA	%	0.78%	0.79%	0.90%	15.48%	13.92%	0.79%
Gross NPA	mn	15,465.9	18,941.4	21,303.9	37.75%	12.47%	18,941.4
Net NPA	mn	3,134.9	3,791.2	4,578.5	46.05%	20.77%	3,791.2
Coverage Ratio	%	79.73%	79.98%	78.51%	-1.53%	-1.85%	79.98%
CRAR	%	22.89%	20.52%	20.05%	-12.41%	-2.31%	20.52%
Book Value	Rs.	376.34	405.54	419.87	11.57%	3.53%	405.54

Update on Construction Equipment Business

- ↪ **CE business contributes 4.6% to the consolidated AUM of the company at the end of Q1 FY16**
- ↪ **Changing dynamics in CE industry leading to re-evaluation of strategy**
 - Strengthening risk evaluation processes
 - Asset mix being tracked to segregate outlier components
 - Working on identifying correlation between assets to improve control
- ↪ **Initiatives to restore asset quality working well**
 - Core team getting involved in collection process
 - Maintaining strong connect with customers and initial response has been encouraging
 - Confident of working with customers to recover dues once business picks up
- ↪ **CE remains an attractive opportunity with strong growth drivers in place in the long run**
 - Reasonable degree of overlap with existing customer base
 - Potential to be a key engine for growth over the medium-to-long term
 - If executed well, can add significant strategic value in terms of diversifying revenues streams, improving risk profile, etc.
- ↪ **Detailed reporting temporarily discontinued due to process of merger / regulatory procedure**

Rationale for Merger

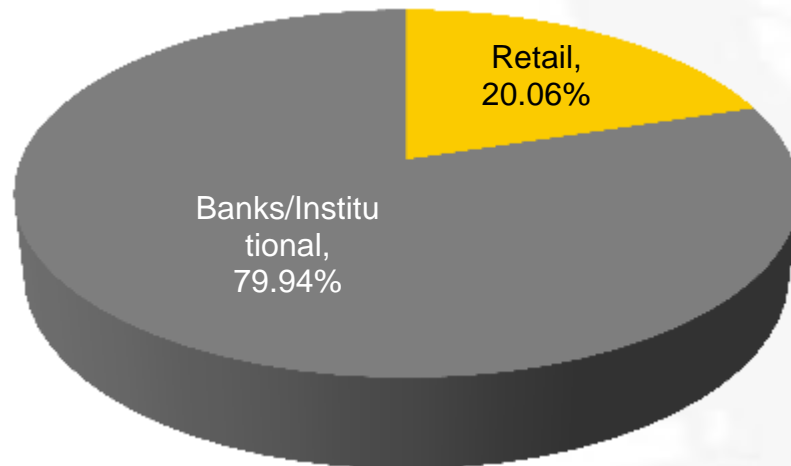
- ↳ Board of Directors of the Company have approved the draft Scheme of Amalgamation of Shriram Equipment Finance Company Limited (SEFCL) with Shriram Transport Finance Company Limited (STFC), subject to regulatory and shareholder approvals
 - As per the Scheme, SEFCL a wholly owned subsidiary of the Company will be amalgamated with Shriram Transport Finance Company Limited
 - No consideration will be discharged by the Company since SEFCL is the wholly owned subsidiary of the Company
- ↳ **Integration will enable better leverage of STFC network**
 - Expand reach given presence across STFC branch offices
 - Network / Employee base of STFC at 10x that of SEFCL
- ↳ **Facilitate exercise of greater control**
 - Bring in collection efficiencies – revamp culture – lending and collection by same people
 - Seasoned teams, better equipped to accelerate restoration of asset quality



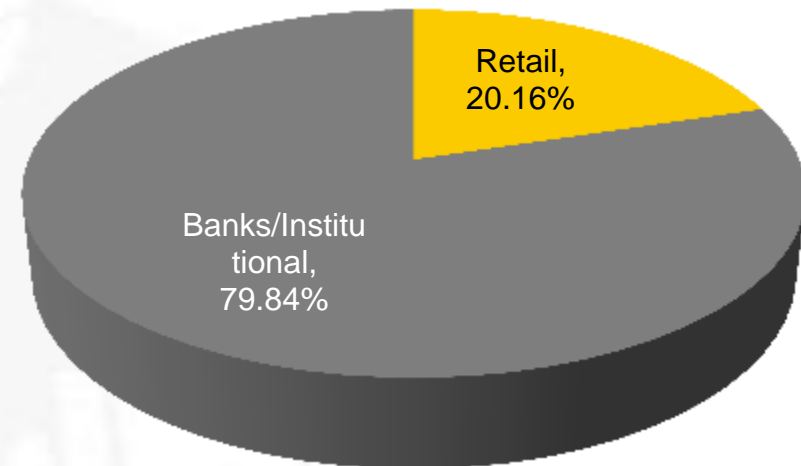
Supported by a Healthy Borrowing Profile

Borrowing Profile

Q1 FY' 15 – Rs 364.4 bn



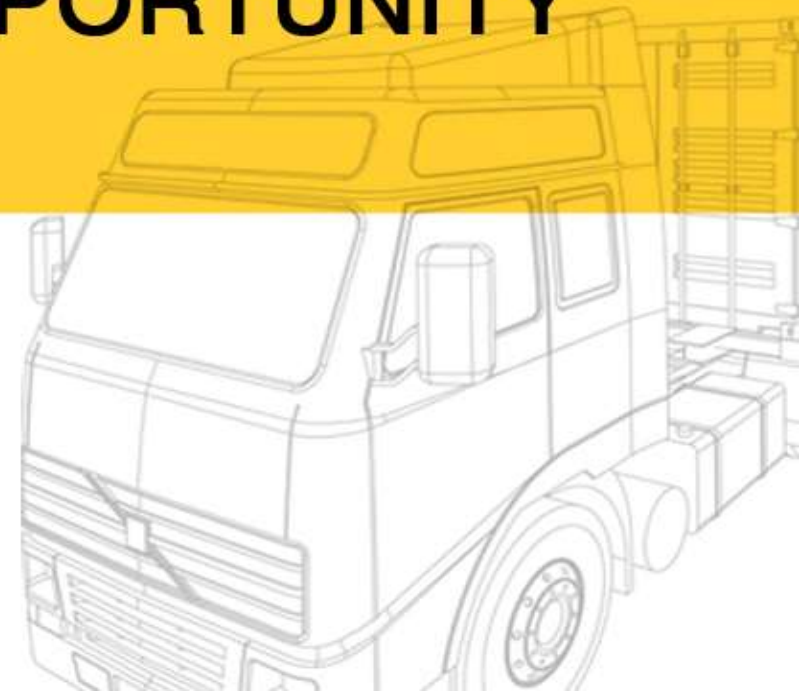
Q1 FY' 16 – Rs 444.3 bn





04

INDUSTRY OPPORTUNITY



Exponential Growth in CV Financing

- ↪ CV Financing market size of Rs 1,940 bn
- ↪ Shriram targets the largest market segment of pre-owned, accounting for 44% of the total market volume
- ↪ Market for second hand truck financing is under penetrated with 65-70% 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 1,083 bn to be triggered through replacement demand for 1.36 mn new as well as pre-owned trucks

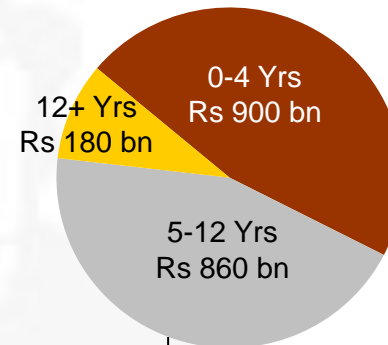
Stricter emission norms expected to generate huge demand for 5-12 year old trucks

Growing freight capacity

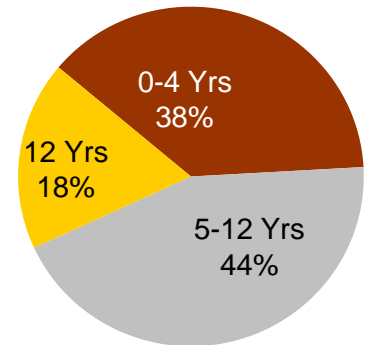
- ↪ **GDP growth rate driving incremental freight capacity which is estimated to increase at 1.25 times of GDP growth.**

Only Organised Player in the Pre-owned CV Financing Market

Market Potential

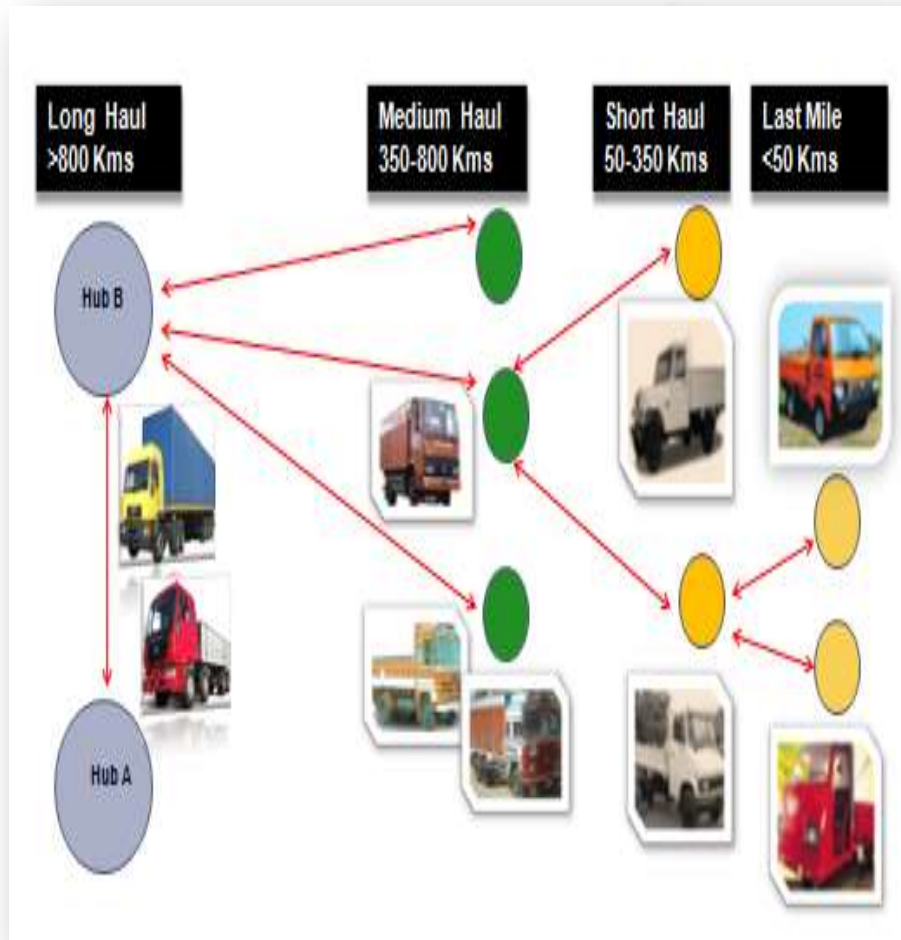


Truck Profile (7.5 mn)



Shriram Target Segment

Transport Logistic Model to Stay – hub & spoke



- ↪ Transport Industry maturing with the years.
- ↪ Distribution solution providers changing the dimension of Transportation.
- ↪ Rural and Semi Urban markets seeing higher growth rates across all products.
- ↪ Better Road network seeing light of the day.
- ↪ Competition and Emission standards driving manufacturer's to launch Latest Technology International standard vehicles.
- ↪ Last mile Transport pushing demand for Cargo LCV's.

STFC will benefit from Exponential growth in the vehicles required for Last Mile Transport-SRTO



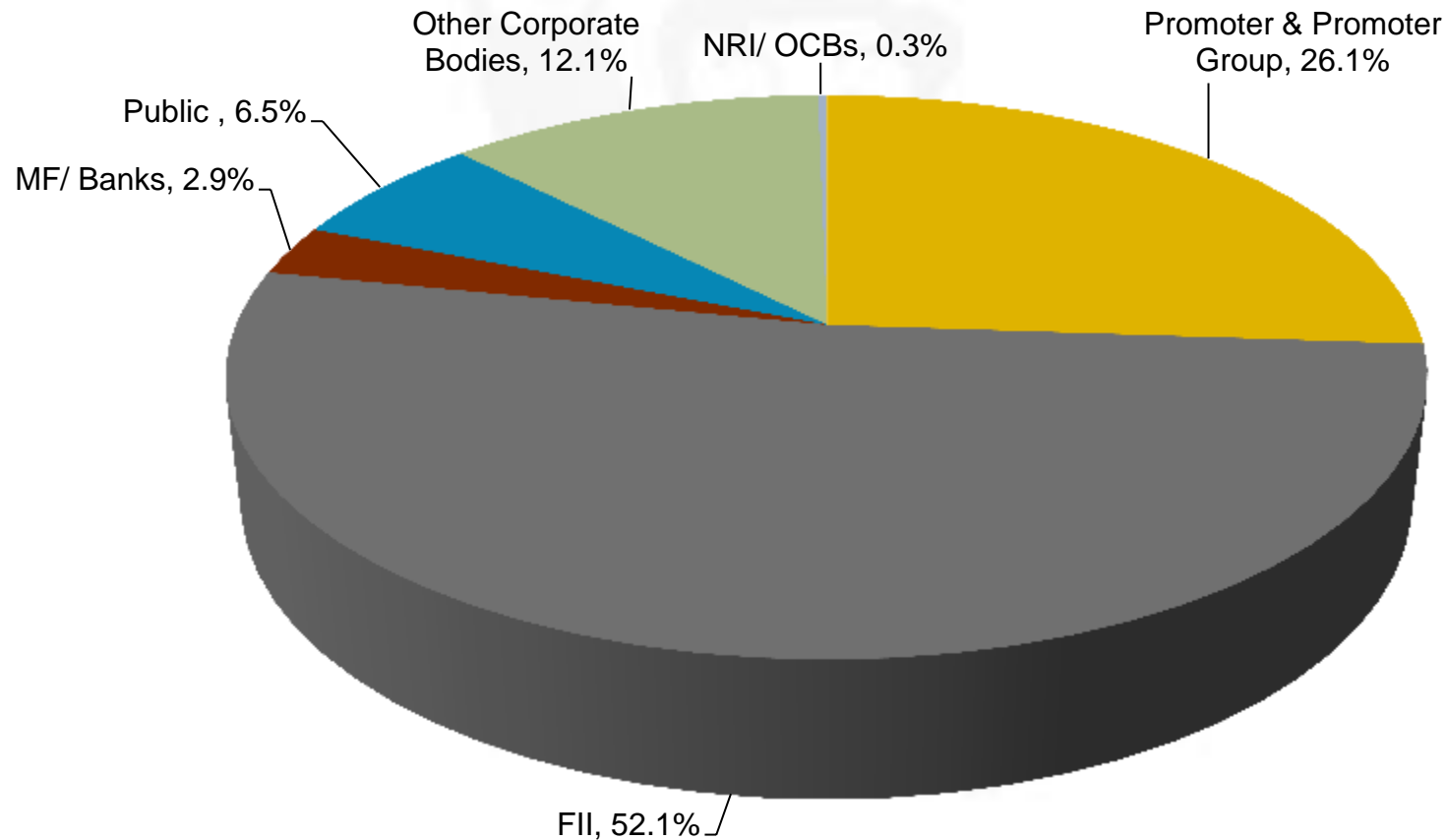
05

ANNEXURES



Shareholding Structure as on June 30, 2015

No. of shares outstanding: 226.88mn



About Shriram Transport Finance Co. Ltd.

Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with Assets on Balance sheet of Rs. 51,772.70 crores and off Balance sheet assets of Rs. 8,759.02 crores. The company is a leader in organized financing of pre-owned trucks with strategic presence in 5-12 year old trucks. It has a pan-India presence with a network of 770 branches, and employs 16,061 employees including 9,403 field officers. The company has built a strong customer base of approx. 1.20 mn. Over the past 36 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

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.

**For any Investor Relations
queries please contact**

Sanjay K. Mundra
Shriram Transport Finance Co. Ltd
Email: smundra@stfc.in
Tel. No. +91-22-4095 9507

Thank You

