

# Shriram Transport Finance Company Ltd.



**Investor Presentation**

**April 29, 2011**

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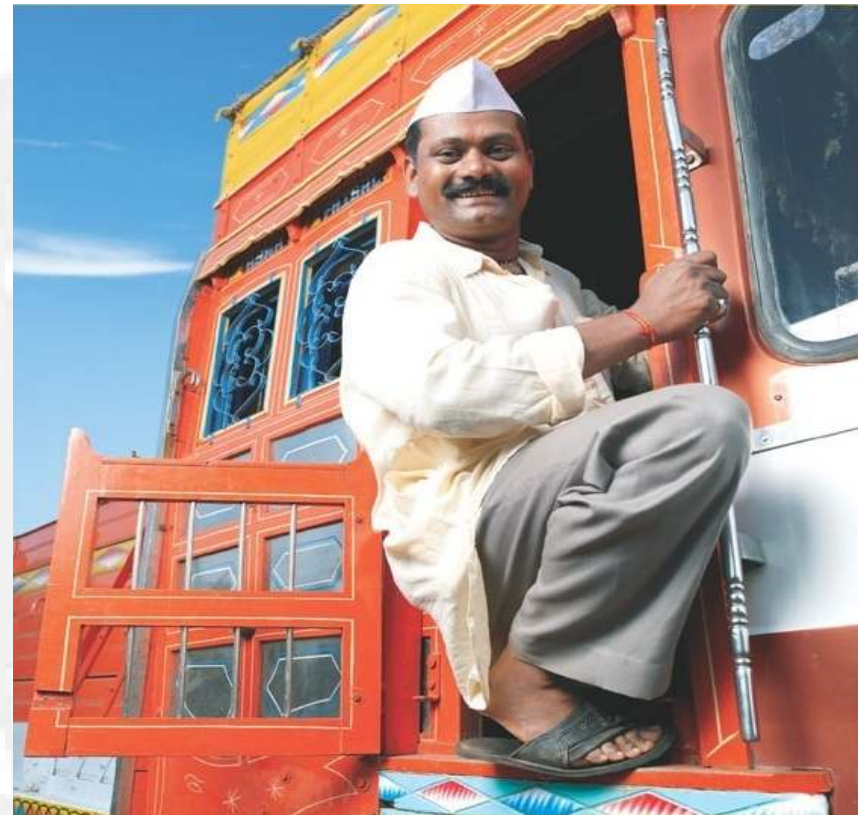
**1 Company Snapshot**

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INDIA'S LARGEST ASSET-FINANCING NBFC.



## 1 Company Snapshot





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

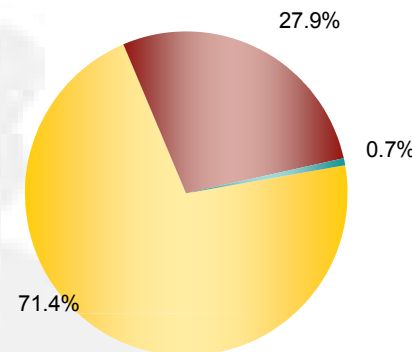
- ❑ **Shriram Transport Finance Company Limited (STFC) is one of the largest asset financing NBFC** with approximately 20-25% market share in pre-owned and approximately 7-8% market share in new truck financing
- ❑ **Strategically present in high yield - pre-owned CV financing** with expertise in loan 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 0.75 mn as of March 31, 2011
- ❑ **Employee strength** of approximately 16,919 including 9,830 product/credit executives as of March 31, 2011
- ❑ **Listed on the National Stock Exchange and Bombay Stock Exchange** with a market capitalisation of over Rs. 180 bn
- ❑ **Equity investment** from reputed private equity and institutional investors including TPG

## Large Assets Under Management ( as on December 31, 2010)

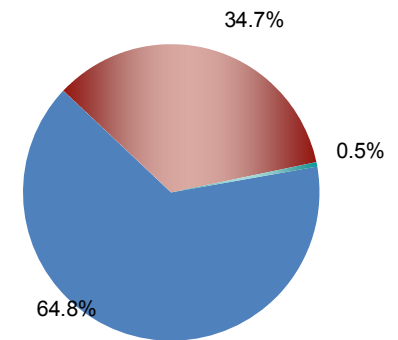
- ❑ Total Assets Under Management (AUM) of Rs. 360.86 bn
  - Pre-Owned CV: Approximately Rs. 272.56 bn
  - New CV: Approximately Rs. 88.30 bn

## Operating Revenue Break Up

**Q4 FY10 – Rs. 12.02 bn**



**Q4 FY11 – Rs. 13.45 bn**



■ Fund Based ■ Income from Securitisation ■ Fee Based

## Extensive Distribution Network

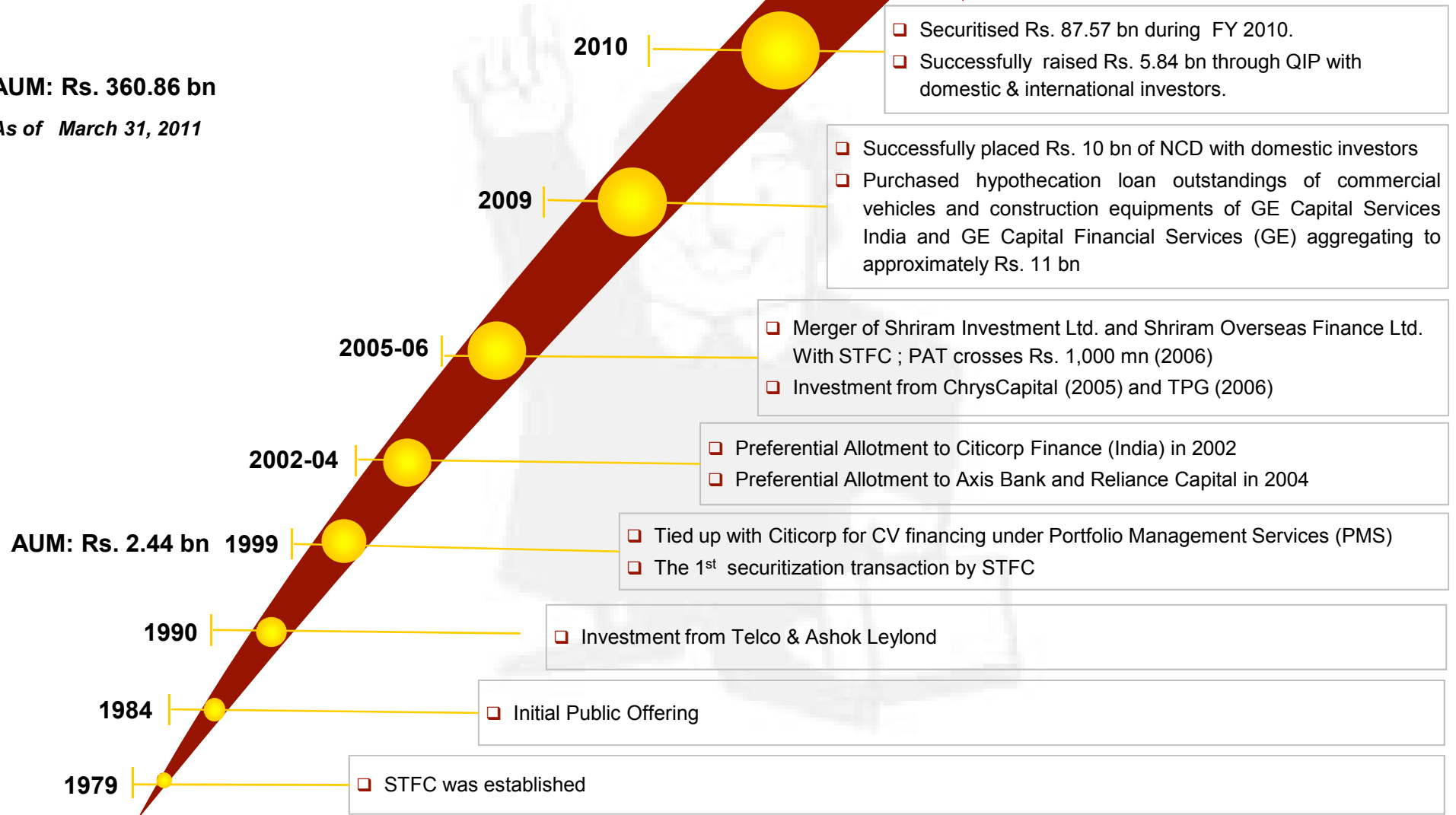
- ❑ Pan-India presence through a network of
  - 68 Strategic Business Units (SBUs)
  - 488 branch offices
- ❑ Partnership with over 500 Private Financiers

# Corporate History

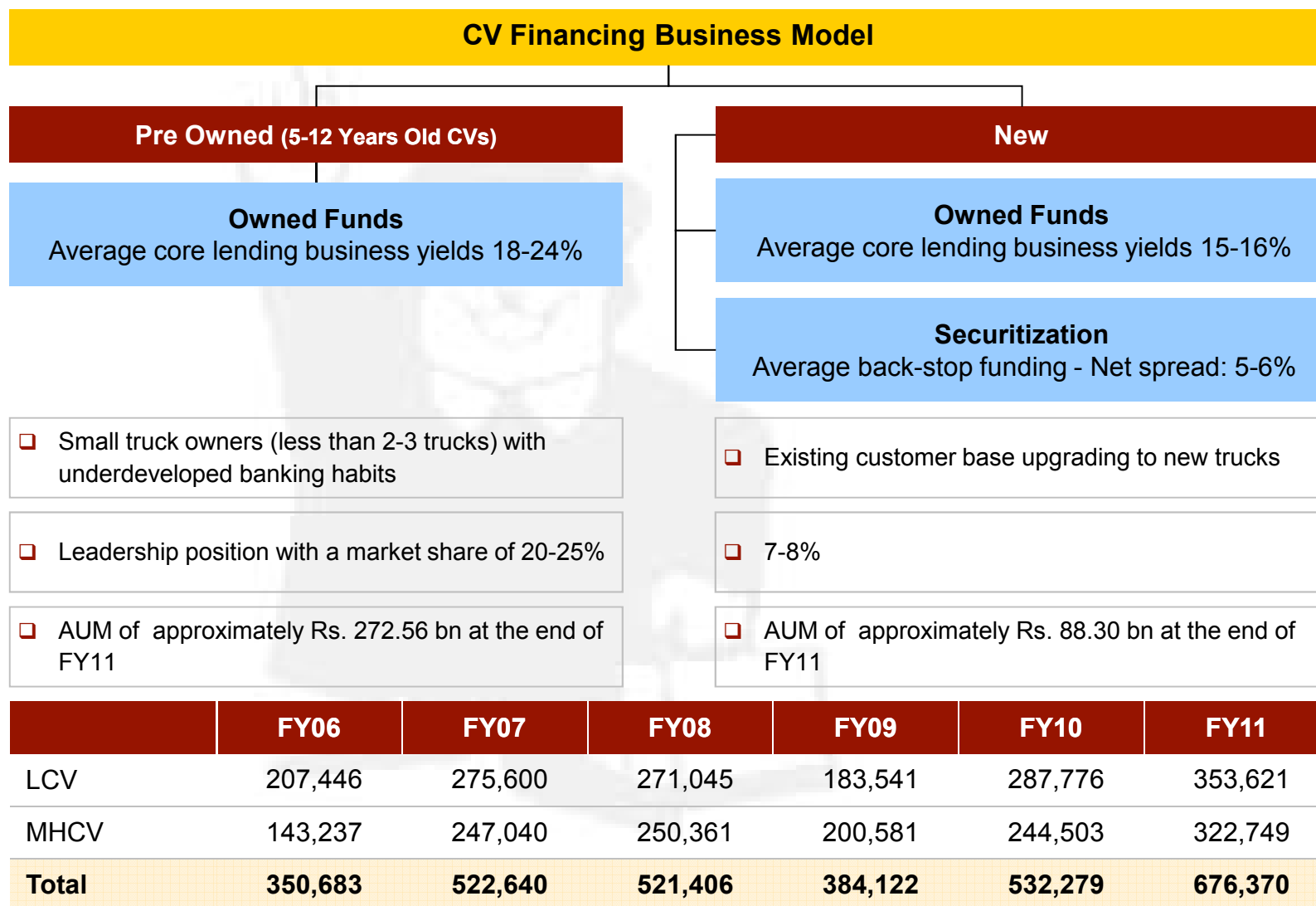


**AUM: Rs. 360.86 bn**

*As of March 31, 2011*



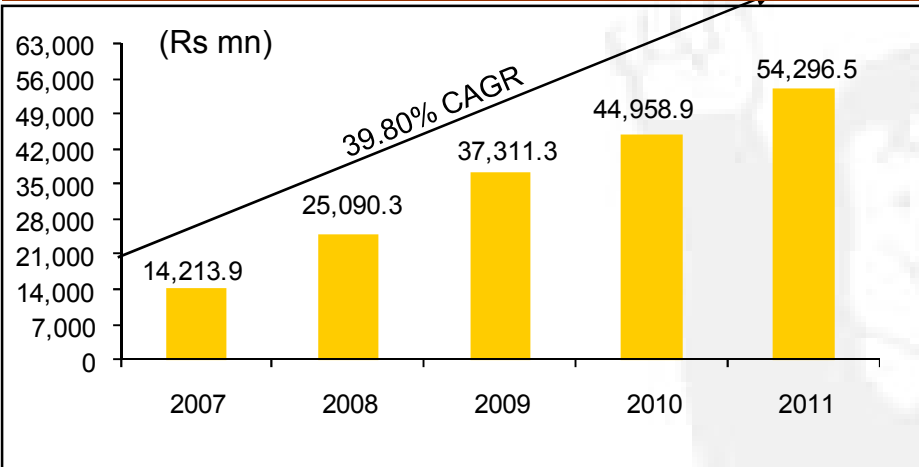
# Unique Business Model



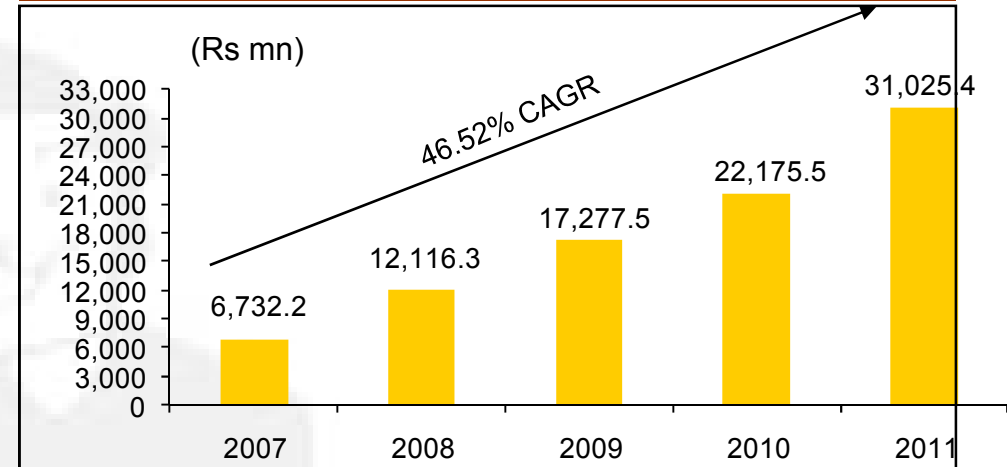
# With a Strong Financial Track Record



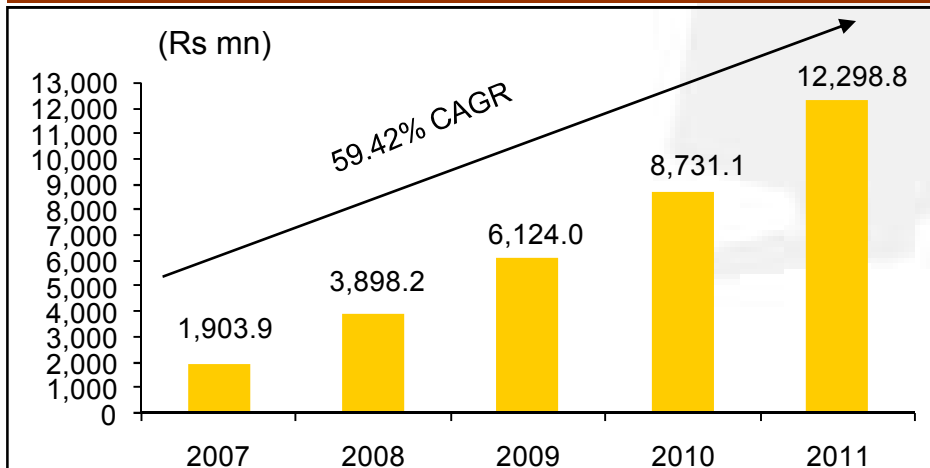
## Total Income



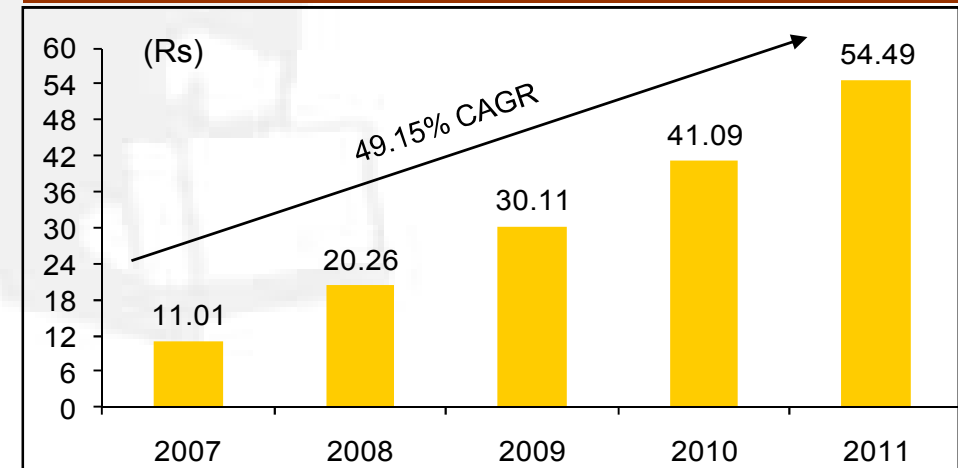
## Net Interest Income



## Net Profit



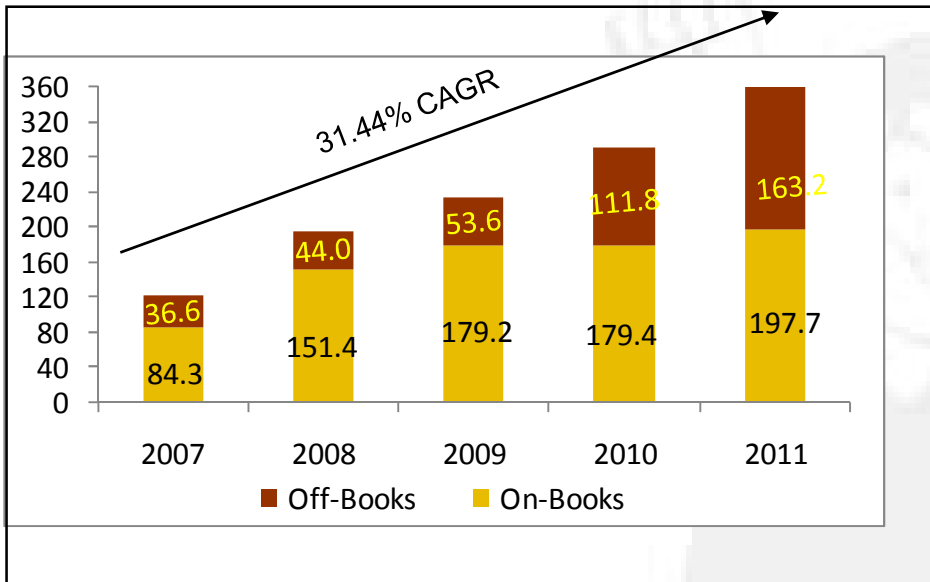
## EPS



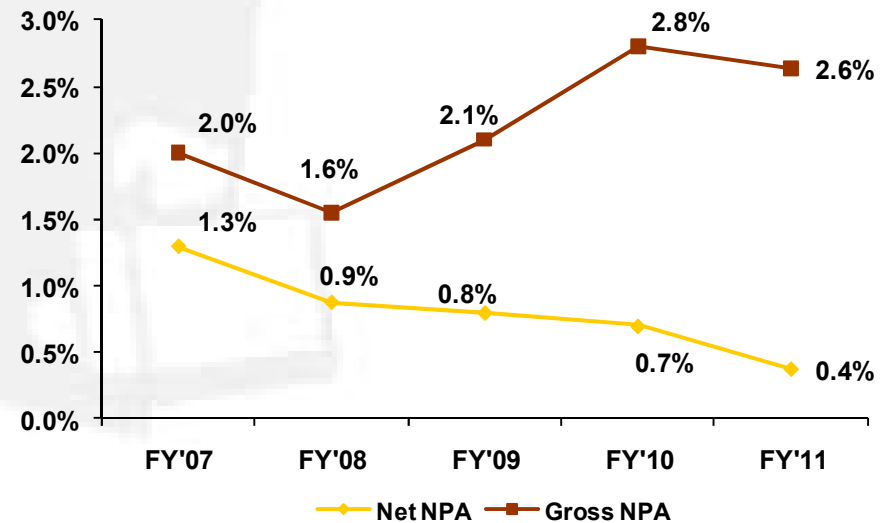
# Driven by Fast Growth in AUM with Low NPAs



AUM (Rs bn)



NPA Levels







## 2 Business Analysis



# Strengths

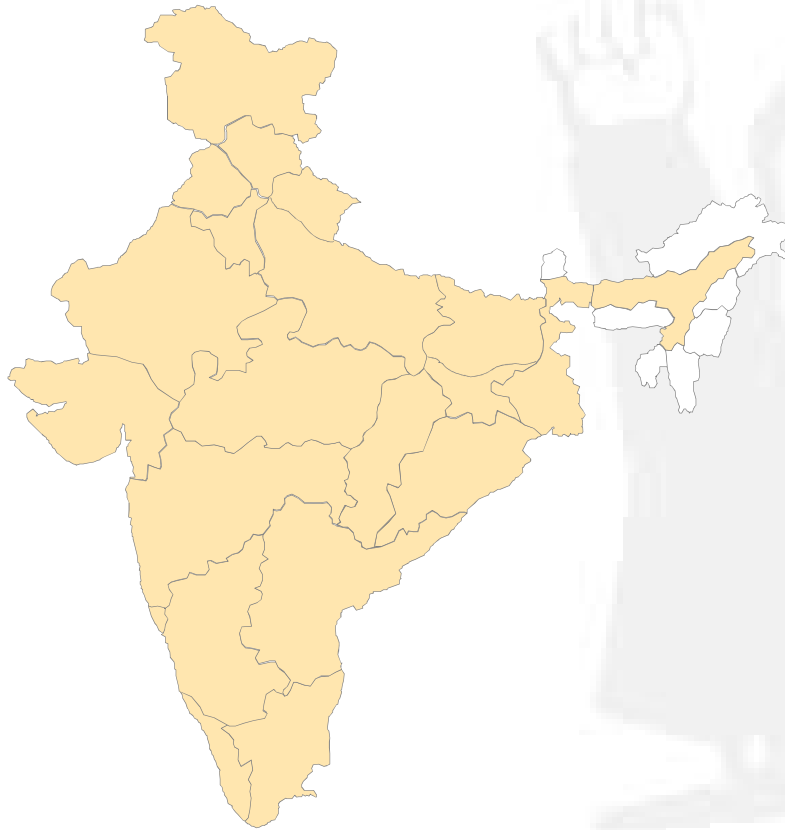


- 1** Widespread Geographical Reach
- 2** Valuation Skills & Recovery/Collection Operation
- 3** Strong Balance Sheet
- 4** Strong Management Team
- 5** Organizational Structure: Credit Risk Focus
- 6** Strengthening Presence and Expanding Reach

# Geographical Reach & Proximity to the Customer



## Branch Locations Across India



States with STFC Presence

## Pan-India Presence

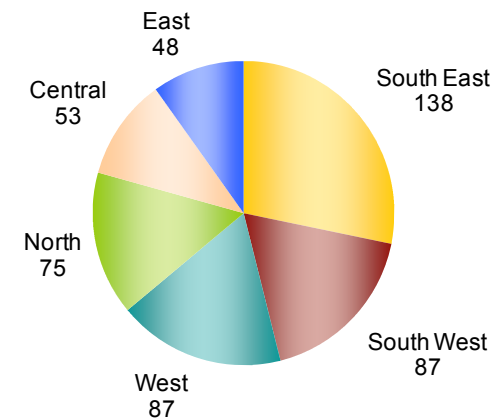
**68** SBUs

**488** Branch Offices

Tie up with **Over 500** Private Financiers

**16,919** Employee including **9,830** Field Officers

## Regional Split of Branches



As on March 31, 2011

## 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

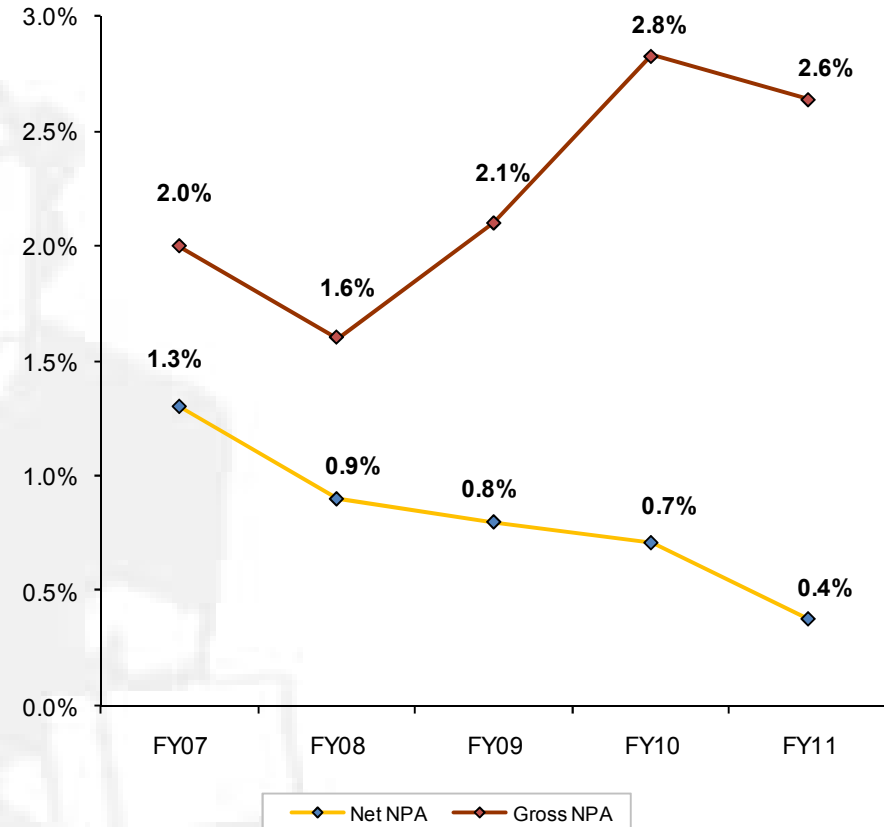
## Reasons for Low Delinquency

- ❑ 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 85% coverage between Gross/Net NPA as on March 31, 2011**

# 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 March 31, 2011: 24.80 %

Key Shareholders*	Current Shareholding (Mn Shares)	% age
Shriram Holdings Madras Pvt. Limited <sup>(1)</sup>	93.37	41.29
Genesis Indian Investment Company	13.65	6.04
ICICI Prudential Life Insurance Company	8.64	3.82
Deutsche Securities Mauritius Limited	5.93	2.62
Fid. Funds (Mauritius) Limited	3.63	1.60
Morgan Stanley Mauritius Company Limited	2.95	1.30
Reliance Life Insurance Company Limited	2.76	1.22
Wellington Management Company	2.76	1.22
Copthall Mauritius Investments Limited	2.66	1.18
Fidelity Funds Emerging Markets Fund	2.48	1.10
Fidelity Investment Trust	2.33	1.03
Public & Others	85.00	37.58
<b>Total</b>	<b>226.16</b>	<b>100.00</b>

\*As on March 31, 2011

*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



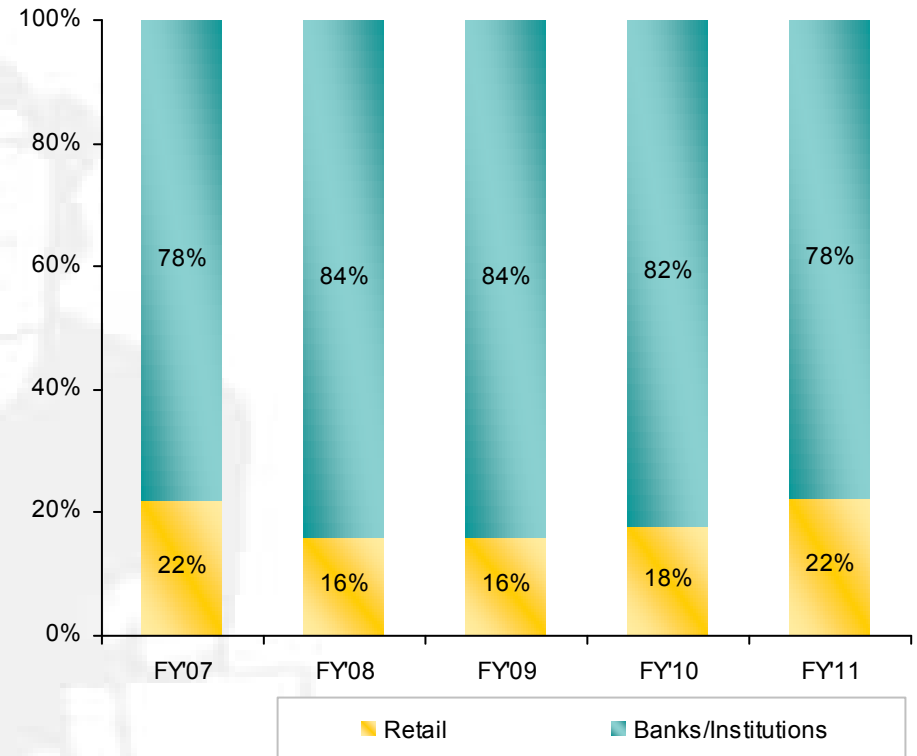
## Borrowings

- 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. 163.17 bn at the end of 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 19 years experience in finance industry
- ❑ Joined in 1992 and now heads the Finance function, a qualified Cost Accountant

**Vinay Kelkar**  
*Executive Director*

- ❑ Over 27 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 19 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 19 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**

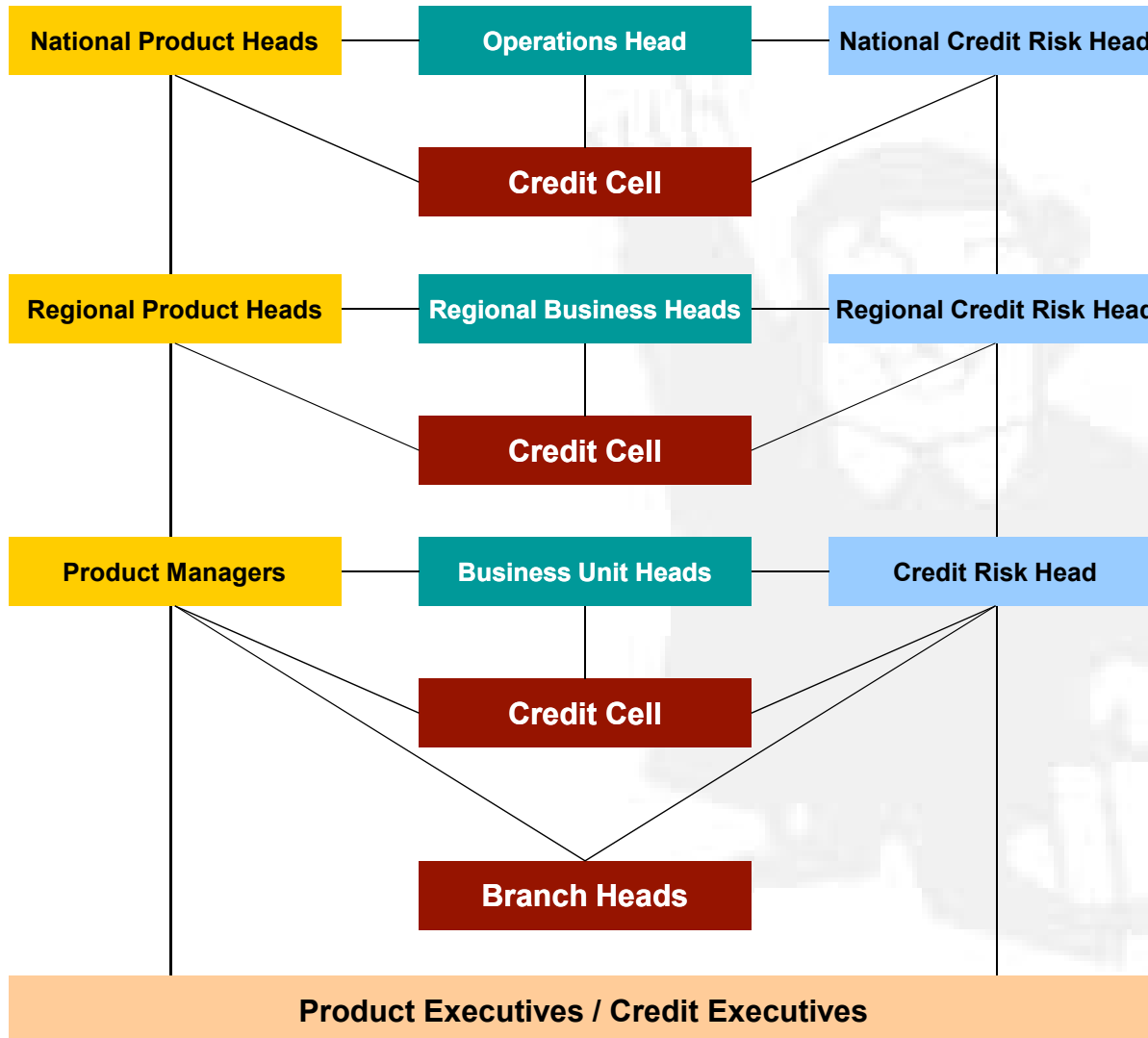
- ❑ Senior Principal and Advisor to TPG Newbridge Capital
- ❑ Fellow member of the Institute of Chartered Accountants in England & Wales and a member of the Canadian Institute of Chartered Accountants

**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 (488 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 (68 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, 2011

## Axis Bank co-branded credit cards

- ❑ Tied up with Axis Bank to distribute credit cards to small truck owners
- ❑ Distributed over 1,70,000 credit cards as of March 31, 2011

**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. 120 bn for FY11 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. 205 bn in FY11

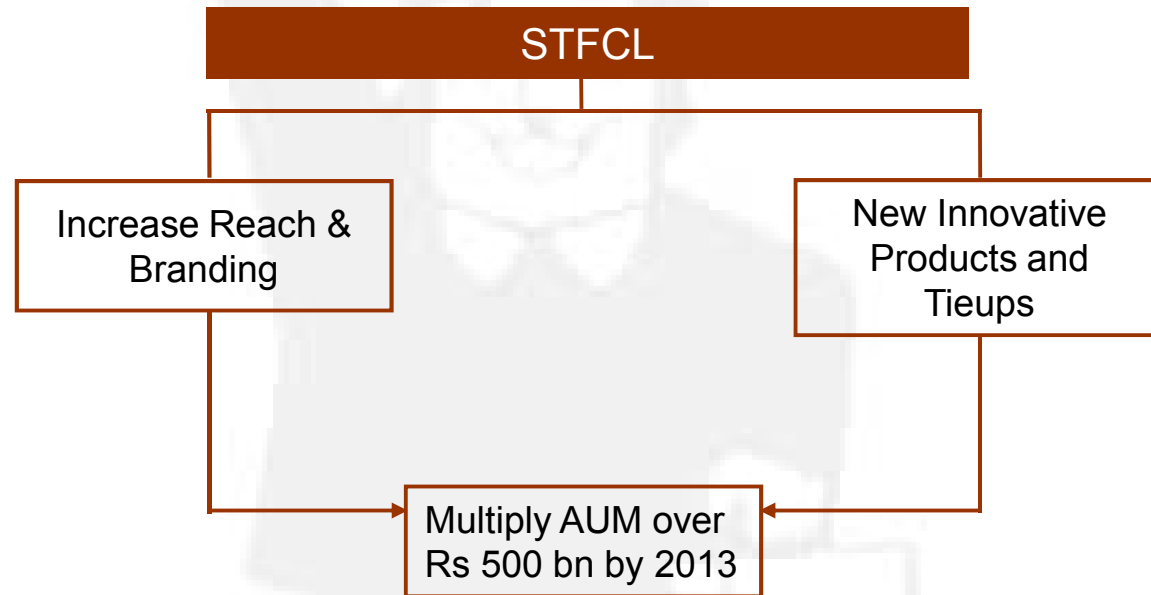
**Construction Equipment Financing**

- ❑ Market expected to grow at an annual rate of 30% to reach over Rs. 350 bn in 2011 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

# 6 Target to reach AUM over Rs 500 bn by FY13



*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, Karnataka & Andhra Pradesh branches and will be launched in other states in a 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 opens its first AutoMall on February, 2011 and gradually expand to 50-60 AutoMalls over 12-24 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 more than 70% of the branches pan India and will be launched in other branches in a phased manner

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



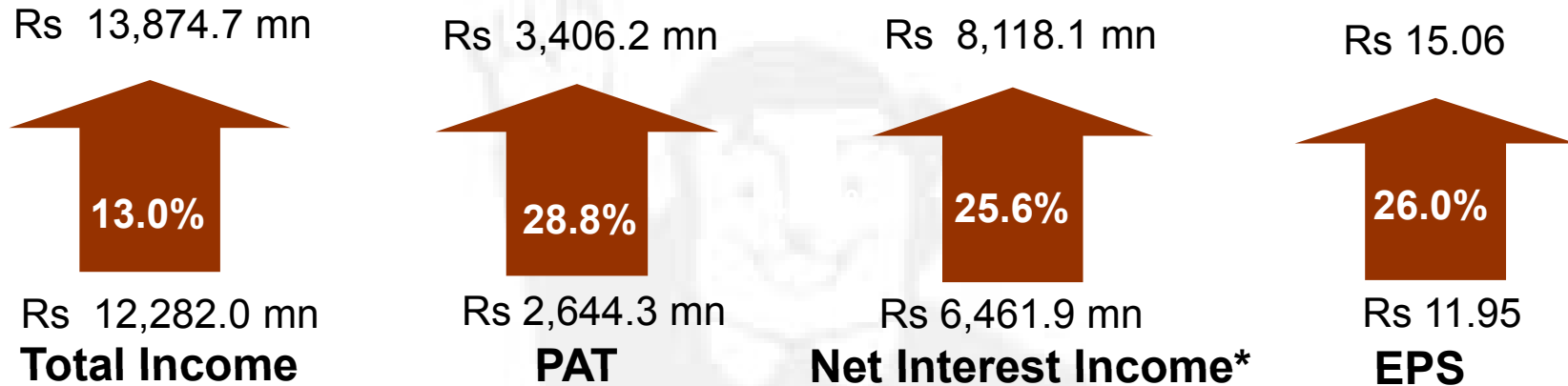
## 3 Recent Performance





# Sustained Quarterly Growth Trend Continues

## Performance Review Q4 FY'10 Vs. Q4 FY'11



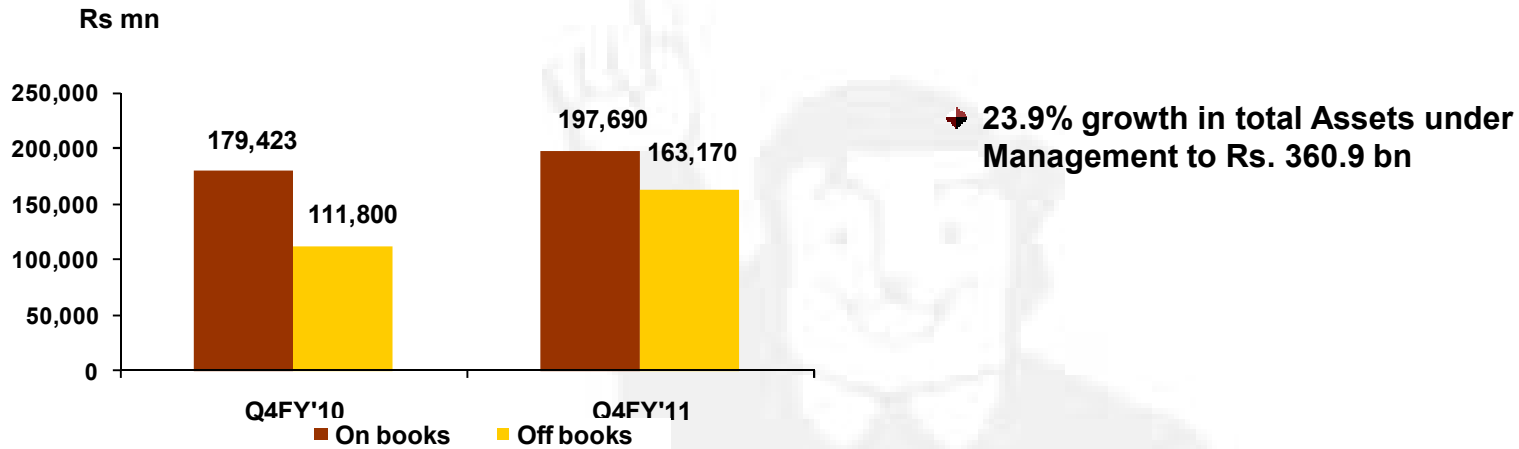
- ➔ **Strong growth in operating income driven by growth across key revenue streams:**
  - ✓ Securitisation Income up by 43.4% to Rs 4,647.8 mn from Rs 3,241.5 mn (securitised asset portfolio of Rs 60,974 mn during Q4 FY'11)
  - ✓ Fee for Trading earned Rs. 62.4 mn
- ➔ **Growing operating profits** by 23.3% to Rs 6,334.7 mn from Rs 5,138.0 mn
- ➔ **Net spread increased** to 6.61% from 6.01% due to
  - ✓ **Increase in yield** to 17.9% from 17.7%
  - ✓ **Decrease in interest cost** to 7.2% from 8.0%
- ➔ **Healthy asset quality** with Gross NPAs & Net NPA reduced from 2.83% & 0.71% to 2.64% & 0.38% respectively and the Net NPA in absolute amount stands at Rs. 744.6 mn against 1,248.7 mn
- ➔ **Recommended a Final Dividend** of Rs. 4 (40%) per share in addition to interim dividend of Rs. 2.50 (25%) per share making total dividend of Rs. 6.50 (65%) against Rs. 6.00 (60%) per share paid for 2009 10.
- ➔ **Added 3,102 new employees** to take the total strength to 16,919 from 13,817 including 9,830 field officers and added 972 new employees from 15,947 to 16,919 (QoQ)

\* including Securitisation Income

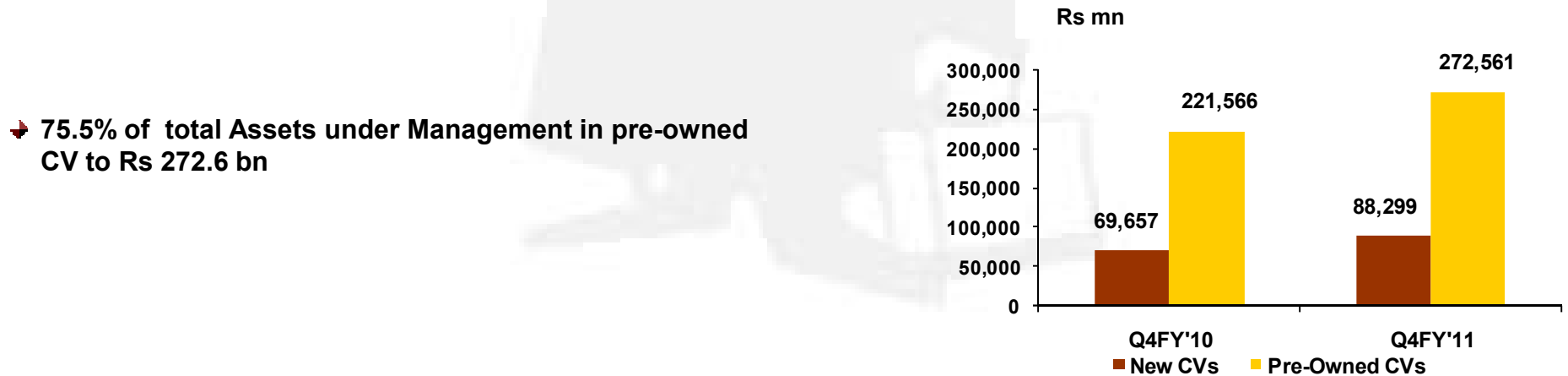
# Driven by Growing AUM



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



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

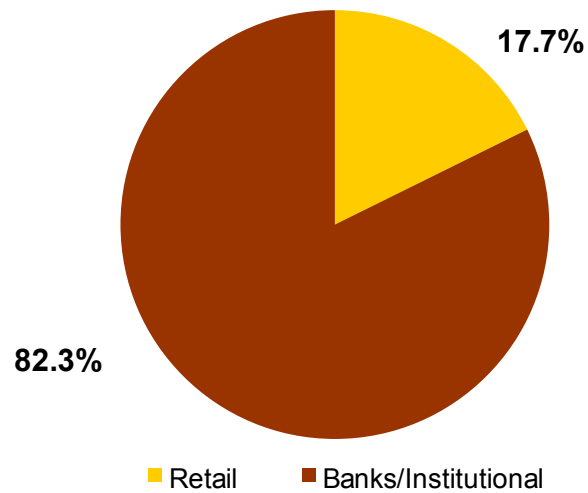


# Supported by a Healthy Borrowing Profile

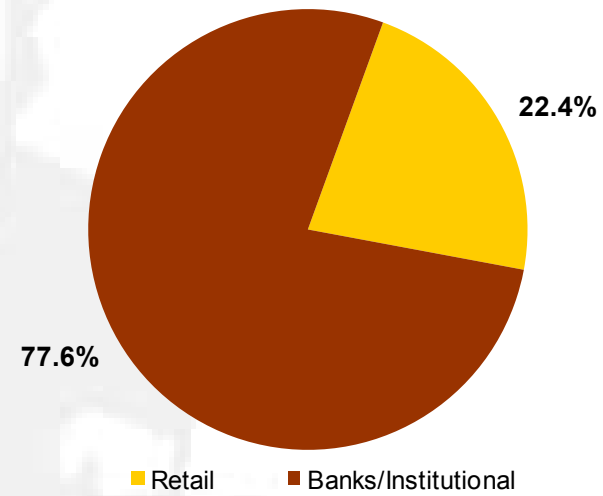


## Borrowing Profile

Q4 FY'10 – Rs 184.6 bn



Q4 FY'11 – Rs 198.8 bn



### 1. Shriram Equipment Finance Company Limited.

Total Disbursement – Rs. 6,564.34 mn.

Assets under Finance - Rs. 6,341.61mn.

PAT – Rs. 11.57 mn.

### 2. Shriram Automall India Limited.

- ONE STOP - Launched in more than 360 branches.
- SHRIRAM NEW LOOK - Launched in the State of Tamil Nadu, Andhra Pradesh, Kerala & Karnataka.
- AUTOMALL - Chennai - Operation started at Chennai on 26<sup>th</sup>. February, 2011
  - Baroda - Inauguration on 30<sup>th</sup>. April, 2011
  - Delhi - Work in Progress

3. Fees Income earned Rs. 270.3 mn in FY 2010 11 (Rs. 305.3 mn in FY 2009 10)



## 4 Industry Opportunity



# Exponential Growth in CV Financing



- Large CV Financing market size of Rs 900bn
- Shriram targets the largest market segment of 5-12 years, accounting for 38% 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

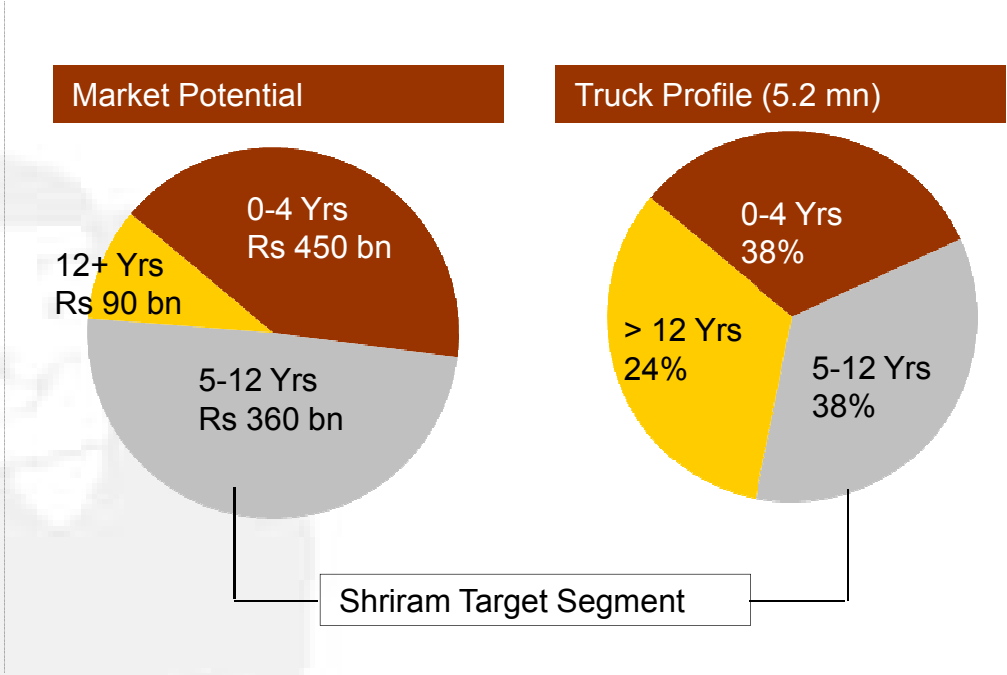
- Legislative pressure on banning trucks beyond 15 years is likely to trigger replacement boom
- Transport associations' introduction of Voluntary Retirement Scheme for old trucks with better financing options
- Financing amount of Rs 1,078bn to be triggered through replacement demand for 1.35mn new 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.



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



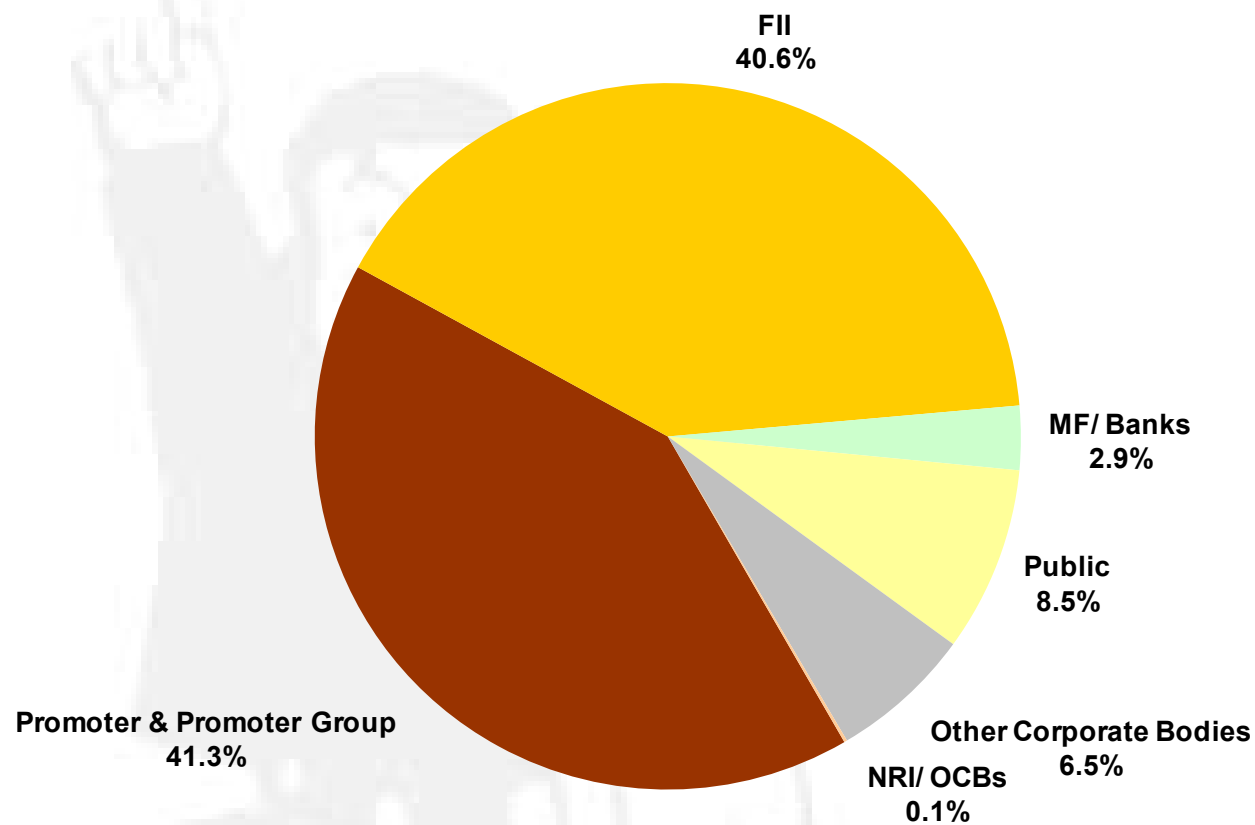
## 5 Annexures



# Shareholding Structure as on March 31, 2011



No. of shares outstanding: 226.16mn





## Profit and Loss Statement

	<i>Rs mn</i>									
<b>Profit &amp; Loss Statement</b>	<b>Q4 FY'10</b>	<b>Q1 FY'11</b>	<b>Q2 FY'11</b>	<b>Q3 FY'11</b>	<b>Q4 FY'11</b>	<b>YoY %</b>	<b>QoQ %</b>	<b>FY'10</b>	<b>FY'11</b>	<b>YoY %</b>
Interest Income	8,741.9	8,739.7	9,561.8	9,784.1	9,027.9	3.27%	-7.73%	37,506.7	37,113.5	-1.0%
Interest expended	5,521.5	5,450.4	5,577.9	5,396.1	5,557.6	0.65%	2.99%	21,862.2	21,982.0	0.55%
Net Interest Income	3,220.4	3,289.3	3,983.9	4,388.0	3,470.3	7.76%	-20.91%	15,644.5	15,131.5	-3.28%
Income from Securitisation	3,241.5	3,724.8	3,542.9	3,978.5	4,647.8	43.38%	16.82%	6,531.0	15,893.9	143.36%
<b>Net Interest Income including Income from Securitisation</b>	<b>6,461.9</b>	<b>7,014.1</b>	<b>7,526.8</b>	<b>8,366.5</b>	<b>8,118.1</b>	<b>25.63%</b>	<b>-2.97%</b>	<b>22,175.5</b>	<b>31,025.4</b>	<b>39.91%</b>
Fees for trading	81.8	60.6	85.5	61.8	62.4	-23.68%	0.94%	305.3	270.3	-11.47%
Other Operating Income	99.0	292.3	141.4	108.6	99.4	0.33%	-8.53%	270.9	641.7	136.91%
<b>Operating Income</b>	<b>6,642.7</b>	<b>7,367.0</b>	<b>7,753.7</b>	<b>8,536.9</b>	<b>8,279.9</b>	<b>24.65%</b>	<b>-3.01%</b>	<b>22,751.7</b>	<b>31,937.4</b>	<b>40.37%</b>
Operating expenditure	1,512.7	1,747.8	2,034.2	2,198.9	1,957.0	29.37%	-11.00%	5,511.9	7,937.8	44.01%
<b>Core Operating Profit (before Provisions &amp; Contingencies)</b>	<b>5,130.0</b>	<b>5,619.2</b>	<b>5,719.5</b>	<b>6,338.0</b>	<b>6,322.9</b>	<b>23.25%</b>	<b>-0.24%</b>	<b>17,239.8</b>	<b>23,999.6</b>	<b>39.21%</b>
Other Income	8.0	6.8	5.4	13.4	11.8	47.46%	-11.97%	74.9	37.4	-50.08%
<b>Operating Profit</b>	<b>5,138.0</b>	<b>5,626.0</b>	<b>5,724.9</b>	<b>6,351.4</b>	<b>6,334.7</b>	<b>23.29%</b>	<b>-0.26%</b>	<b>17,314.7</b>	<b>24,037.0</b>	<b>38.82%</b>
Provisions for Bad Debts	1,011.5	1,280.8	1,263.7	1,234.6	1,280.5	26.59%	3.72%	4,068.8	5,059.5	24.35%
Provisions against Standard Assets	-	-	-	552.7	(64.5)	0.00%	(1.12)	-	488.2	0.00%
<b>PBT</b>	<b>4,126.5</b>	<b>4,345.2</b>	<b>4,461.2</b>	<b>4,564.1</b>	<b>5,118.7</b>	<b>24.05%</b>	<b>12.15%</b>	<b>13,245.9</b>	<b>18,489.3</b>	<b>39.58%</b>
Tax	1,482.2	1,455.8	1,471.6	1,550.5	1,712.5	15.54%	10.45%	4,514.7	6,190.5	37.12%
<b>PAT</b>	<b>2,644.3</b>	<b>2,889.4</b>	<b>2,989.6</b>	<b>3,013.6</b>	<b>3,406.2</b>	<b>28.81%</b>	<b>13.03%</b>	<b>8,731.2</b>	<b>12,298.8</b>	<b>40.86%</b>
<b>EPS (Rs)</b>	<b>11.95</b>	<b>12.81</b>	<b>13.26</b>	<b>13.35</b>	<b>15.06</b>	<b>26.03%</b>	<b>12.81%</b>	<b>41.09</b>	<b>54.49</b>	<b>32.61%</b>
<b>Total CRAR %</b>	<b>21.35%</b>	<b>23.23%</b>	<b>23.73%</b>	<b>23.62%</b>	<b>24.80%</b>	<b>16.16%</b>	<b>4.98%</b>	<b>21.35%</b>	<b>24.80%</b>	<b>16.16%</b>
<b>Book Value (Rs)</b>	<b>168.74</b>	<b>181.13</b>	<b>194.57</b>	<b>204.68</b>	<b>215.22</b>	<b>27.55%</b>	<b>5.15%</b>	<b>168.74</b>	<b>215.22</b>	<b>27.55%</b>
<b>Key Ratios (%)</b>	<b>Q4 FY'10</b>	<b>Q1 FY'11</b>	<b>Q2 FY'11</b>	<b>Q3 FY'11</b>	<b>Q4 FY'11</b>	<b>YoY %</b>	<b>QoQ %</b>	<b>FY'10</b>	<b>FY'11</b>	<b>YoY %</b>
Return on Avg. Net Worth	30.49%	28.99%	27.93%	26.49%	28.46%	-6.66%	7.44%	29.65%	27.94%	-5.75%
Return on Avg. Assets	3.85%	4.24%	4.16%	3.99%	4.39%	14.24%	10.19%	3.31%	4.20%	26.78%
Interest Coverage Ratio	220.45%	235.29%	239.10%	258.45%	249.19%	13.04%	-3.58%	204.41%	245.46%	20.08%

## Balance Sheet



	<i>Rs mn</i>						
<b>Balance Sheet</b>	<b>FY'10</b>	<b>Q1 FY'11</b>	<b>Q2 FY'11</b>	<b>Q3 FY'11</b>	<b>FY'11</b>	<b>YoY %</b>	<b>QoQ %</b>
<b>Liabilities</b>							
Shareholder funds							
Equity Capital	2,255.4	2,255.4	2,255.6	2,261.8	2,261.8	0.29%	0.00%
Reserves	36,168.4	39,060.7	42,054.9	44,428.6	46,782.1	29.35%	5.30%
Loans							
Secured	151,724.8	155,565.6	154,052.3	161,992.4	148,693.8	-2.00%	-8.21%
Unsecured	32,874.3	39,723.9	49,381.6	49,434.6	50,123.4	52.47%	1.39%
Current Liabilities	46,535.9	48,324.8	54,437.9	54,989.1	68,223.4	46.60%	24.07%
<b>Total</b>	<b>269,558.8</b>	<b>284,930.4</b>	<b>302,182.3</b>	<b>313,106.5</b>	<b>316,084.5</b>	<b>17.26%</b>	<b>0.95%</b>
<b>Assets</b>							
Fixed Assets	464.5	448.5	427.8	404.0	384.3	-17.25%	-4.85%
Loans & Advances	912.9	1,381.9	1,620.5	1,678.5	1,590.3	74.20%	-5.25%
Cash & Bank balances	45,373.3	40,078.5	48,273.9	39,105.0	36,251.1	-20.10%	-7.30%
Investments	18,560.2	17,665.7	19,054.1	17,448.9	36,507.0	96.70%	109.22%
Truck receivables	179,422.7	203,172.6	204,485.4	224,043.5	197,690.0	10.18%	-11.76%
Deferred Tax Asset	747.2	879.0	1,046.9	1,358.5	1,536.9	105.68%	13.13%
Current Assets	24,078.0	21,304.2	27,273.7	29,068.1	42,124.9	74.95%	44.92%
<b>Total</b>	<b>269,558.8</b>	<b>284,930.4</b>	<b>302,182.3</b>	<b>313,106.5</b>	<b>316,084.5</b>	<b>17.26%</b>	<b>0.95%</b>
<b>Spread Analysis</b>	<b>Q4 FY'10</b>	<b>Q1 FY'11</b>	<b>Q2 FY'11</b>	<b>Q3 FY'11</b>	<b>Q4 FY'11</b>	<b>FY'10</b>	<b>FY'11</b>
Total Income/ Avg. total assets	17.71%	18.83%	18.57%	18.46%	17.87%	16.94%	18.41%
Interest cost/ Avg. total assets	8.03%	8.00%	7.77%	7.14%	7.17%	8.29%	7.50%
<b>Gross Spread</b>	<b>9.68%</b>	<b>10.83%</b>	<b>10.80%</b>	<b>11.32%</b>	<b>10.70%</b>	<b>8.65%</b>	<b>10.91%</b>
NPA provisioning/ Avg. total assets	1.47%	1.88%	1.76%	1.63%	1.65%	1.54%	1.73%
Provisioning for standard assets/ Avg. total assets	0.00%	0.00%	0.00%	0.73%	-0.08%	0.00%	0.17%
Overhead Cost/ Avg. total assets	2.20%	2.57%	2.83%	2.91%	2.52%	2.09%	2.71%
<b>Net Spread</b>	<b>6.01%</b>	<b>6.38%</b>	<b>6.21%</b>	<b>6.05%</b>	<b>6.61%</b>	<b>5.02%</b>	<b>6.30%</b>

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

Particulars		Q4 FY 2009 10	Q3 FY 2010 11	Q4 FY 2010 11	% YoY	% QoQ	Year ended FY 2010	Year ended FY 2011	% YoY
Total Income	mn	12,282.0	14,123.2	13,874.7	12.97%	-1.76%	44958.9	54,296.5	20.77%
Interest Income	mn	8,741.9	9,784.1	9,027.9	3.27%	-7.73%	37506.7	37,113.5	-1.05%
Securitisation Income	mn	3,241.5	3,978.5	4,647.8	43.38%	16.82%	6531.0	15,893.9	143.36%
Total Interest Income	mn	11,983.4	13,762.6	13,675.7	14.12%	-0.63%	44,037.7	53,007.4	20.37%
Less : Interest Expenses	mn	5,521.5	5,396.1	5,557.6	0.65%	2.99%	21862.2	21,982.0	0.55%
Net Interest Income	mn	6,461.9	8,366.5	8,118.1	25.63%	-2.97%	22,175.5	31,025.4	39.91%
Other Income	mn	107.0	122.0	111.2	3.93%	-8.85%	345.8	679.1	96.39%
Fee for Trading	mn	81.8	61.8	62.4	-23.72%	0.97%	305.3	270.3	-11.46%
Operating Income	mn	6,650.7	8,550.3	8,291.7	24.67%	-3.02%	22,826.6	31,974.8	40.08%
Cost to Income Ratio	%	22.75	25.72	23.60	3.74%	-8.24%	24.15	24.83	2.82%
Profit after Tax	mn	2,644.3	3,013.6	3,406.2	28.81%	13.03%	8731.2	12,298.8	40.86%
EPS	Rs.	11.95	13.35	15.06	26.03%	12.81%	41.09	54.49	32.61%
ROA	%	3.85	3.99	4.39	14.03%	10.03%	3.31	4.20	26.89%
ROE	%	30.49	26.49	28.46	-6.66%	7.44%	29.65	27.94	-5.77%
NIM (on AUM)	%	7.82	8.91	8.06	3.07%	-9.54%	7.27	8.36	14.99%

## Details of Key Parameters (Balance Sheet)

Particulars		Q4 FY 2009 10	Q3 FY 2010 11	Q4 FY 2010 11	% YoY	% QoQ	Year ended FY 2010	Year ended FY 2011	% YoY
<b>Asset under Management</b>									
- On Books	mn	179,422.7	224,043.5	197,690.1	10.18%	-11.76%	179,422.7	197,690.1	10.18%
- Off Books	mn	111,800.3	113,753.3	163,170.2	45.95%	43.44%	111,800.3	163,170.2	45.95%
<b>Total AUM</b>	mn	<b>291,223.0</b>	<b>337,796.8</b>	<b>360,860.3</b>	<b>23.91%</b>	<b>6.83%</b>	<b>291,223.0</b>	<b>360,860.3</b>	<b>23.91%</b>
<b>Disbursement</b>									
- Used CV	mn	30,897.3	36,428.2	44,842.6	45.13%	23.10%	118,294.2	149,239.4	26.16%
- New CV	mn	8,132.8	15,012.1	17,169.7	111.12%	14.37%	28,541.7	49,597.5	73.77%
<b>Total Disbursement</b>	mn	<b>39,030.1</b>	<b>51,440.3</b>	<b>62,012.3</b>	<b>58.88%</b>	<b>20.55%</b>	<b>146,835.9</b>	<b>198,836.9</b>	<b>35.41%</b>
<b>Securitisation done</b>	mn	<b>54,945.0</b>	<b>15,598.0</b>	<b>60,974.0</b>	<b>10.97%</b>	<b>290.91%</b>	<b>87,568.0</b>	<b>102,036.0</b>	<b>16.52%</b>
<b>Gross NPA</b>	%	<b>2.83</b>	<b>2.40</b>	<b>2.64</b>	<b>-6.71%</b>	<b>10.00%</b>	<b>2.83</b>	<b>2.64</b>	<b>-6.71%</b>
<b>Net NPA</b>	%	<b>0.71</b>	<b>0.47</b>	<b>0.38</b>	<b>-46.48%</b>	<b>-19.15%</b>	<b>0.71</b>	<b>0.38</b>	<b>-46.48%</b>
<b>Gross NPA</b>	mn	<b>5,112.7</b>	<b>5,428.4</b>	<b>5,285.8</b>	<b>3.39%</b>	<b>-2.63%</b>	<b>5,112.7</b>	<b>5,285.8</b>	<b>3.39%</b>
<b>Net NPA</b>	mn	<b>1,248.7</b>	<b>1,049.9</b>	<b>744.6</b>	<b>-40.37%</b>	<b>-29.08%</b>	<b>1,248.7</b>	<b>744.6</b>	<b>-40.37%</b>
<b>Coverage Ratio</b>	%	<b>75.58</b>	<b>80.66</b>	<b>85.91</b>	<b>13.67%</b>	<b>6.51%</b>	<b>75.58</b>	<b>85.91</b>	<b>13.67%</b>
<b>CRAR</b>	%	<b>21.35</b>	<b>23.62</b>	<b>24.80</b>	<b>16.16%</b>	<b>5.00%</b>	<b>21.35</b>	<b>24.80</b>	<b>16.16%</b>
<b>Book Value</b>	Rs.	<b>168.74</b>	<b>204.68</b>	<b>215.22</b>	<b>27.55%</b>	<b>5.15%</b>	<b>168.74</b>	<b>215.22</b>	<b>27.55%</b>

## Subsidiary - Shriram Equipment Finance Company Limited



### Profit and Loss Statement

	(Rs. Mn)
	For the year ended March 31, 2011
<b>INCOME</b>	
Income from financing activities	200.3
Other income	1.4
<b>Total</b>	<b>201.7</b>
<b>EXPENDITURE</b>	
Interest & other charges	23.6
Personnel expenses	60.4
Operating & other expenses	74.1
Depreciation and amortisation	2.8
Provision for standard assets	15.9
<b>Total</b>	<b>176.8</b>
<b>Profit/(Loss) before taxation</b>	<b>24.9</b>
<b>Provision for taxation</b>	
Current Tax	18.4
Deffered Tax	(5.1)
Provision for income tax (previous year)	0.0
<b>Total tax expense</b>	<b>13.3</b>
<b>Profit/(Loss) after Tax</b>	<b>11.6</b>
Balance brought forward from previous year	(0.1)
<b>Profit available for appropriation</b>	<b>11.5</b>
<b>APPROPRIATIONS:</b>	
Dividend on Preference shares	0.2
Tax on Preference dividend	0.0
Transfer to statutory reserve	2.3
<b>Surplus /(Deficit) carried to Balance Sheet</b>	<b>9.0</b>
<b>Earnings per share</b>	
Basic and Diluted	2.00
Nominal Value of Share	10.00

# Subsidiary - Shriram Equipment Finance Company Limited



## Balance Sheet

	(Rs. Mn)
	As at March 31 2011
<b>Shareholders' Funds</b>	
Share capital	1,600.0
<b>Reserves &amp; Surplus</b>	
Profit & Loss Account	11.3
<b>Loan Funds</b>	
Secured loans	3,000.0
Unsecured loans	1,116.8
<b>Total</b>	<b>5,728.1</b>
<b>Fixed Assets</b>	
Gross block	15.3
Less : Accumulated depreciation and amortisation	2.8
Net block	<b>12.5</b>
<b>Defered Tax Assets (net)</b>	5.2
<b>Current Assets, Loans and Advances</b>	
Assets under financing activities	6,341.6
Cash & Bank Balances	1,336.7
Other current assets	0.8
	7,679.1
Other loans & advances	4.4
	7,683.5
<b>Less : Current Liabilities &amp; Provisions</b>	
Current liabilities	1,935.8
Provisions	37.3
	1,973.1
<b>Net Current Assets</b>	5,710.4
<b>Debit balance in Profit &amp; Loss Account</b>	-
<b>Total</b>	<b>5,728.1</b>

## Subsidiary - Shriram Automall India Limited

### Profit and Loss Statement



	(Rs. Mn)
	Year ended March 31, 2011
<b>Income</b>	
Income from Operations	621.63
<b>Total</b>	<b>621.63</b>
<b>Expenditure</b>	
Purchase of commercial vehicles	692.42
Refurbishment expenses	27.15
Adjustment due to decrease/(increase) in stock of commercial vehicles	(129.36)
Personnel expenses	69.13
Operating & other expenses	99.18
Depreciation and amortisation	1.86
<b>Total</b>	<b>760.38</b>
<b>Profit/(Loss) before taxation</b>	(138.75)
<b>Provision for taxation</b>	
Deferred tax	0.40
<b>Total tax expense / (income)</b>	<b>0.40</b>
<b>Profit/(Loss) after taxation</b>	(139.15)
Profit/(Loss) brought forward from previous year	(0.05)
<b>Surplus/(Loss) carried to Balance Sheet</b>	<b>(139.21)</b>
<b>Earnings/(Loss) per share</b>	
Basic & Diluted (Rs.)	(35.99)
Nominal Value of Share (Rs.)	<b>10.00</b>

## Subsidiary - Shriram Automall India Limited



### Balance Sheet

(Rs. Mn)

	As at March 31, 2011
<b>Shareholders' Funds</b>	
Share capital	100.00
<b>Loan Funds</b>	
Unsecured Loan - From Holding Company	275.59
Deferred Tax Liability (Net)	0.40
<b>Total</b>	<b>375.98</b>
<b>Fixed and Intangible Assets</b>	
Gross block	32.91
Less : Accumulated depreciation and amortisation	1.86
<b>Net block</b>	<b>31.05</b>
<b>Capital Work in Progress</b>	<b>27.88</b>
<b>Deferred tax asset</b>	-
<b>Current Assets, Loans and Advances</b>	
- Stock in Trade	129.36
- Sundry debtors	-
- Cash and bank balances	53.89
- Loans and advances	62.38
	245.64
<b>Less : Current Liabilities &amp; Provisions</b>	
Current liabilities	67.71
Provisions	0.09
	67.80
<b>Net Current Assets</b>	<b>177.84</b>
Profit and Loss Account	139.21
<b>Total</b>	<b>375.98</b>





**For any Investor Relations  
queries please contact**

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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 360.8 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 around 25%. It has a pan-India presence with a network of 68 SBUs and 488 branches, and employs 16,919 employees including 9,830 field officers. The company has built a strong customer base of over 0.75 mn. Over the past 32 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**

