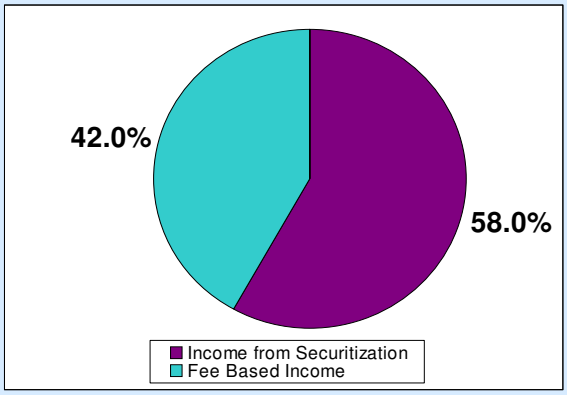
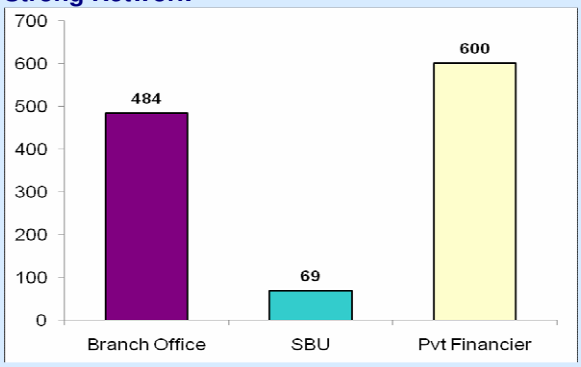
SHRIRAM TRANSPORT FINANCE COMPANY LTD

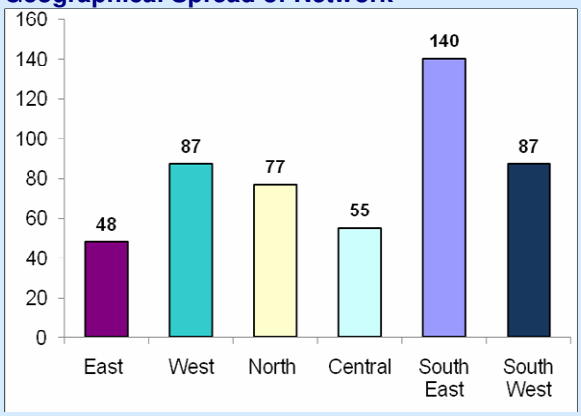
Revenue Breakup Q1FY12 – Rs 1393cr



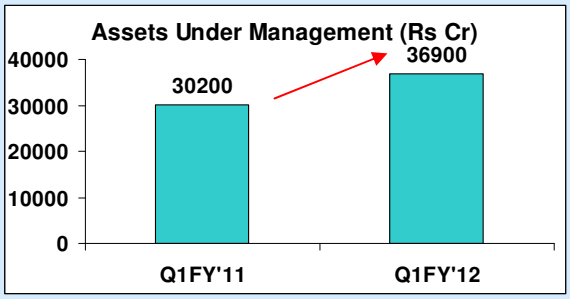
Strong Network



Geographical Spread of Network



Increasing Asset under Management



Company Profile

Established in 1979, Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with Rs. 36997 cr. worth of assets under management. 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 percent. It has a pan-India presence with a network of 68 SBUs and 488 branches, and has built a strong customer base of over 7.5 lacs. Over the past 30 years, it has developed strong competencies in the areas of loan origination, valuation of pre-owned trucks and collection.

The company is involved in following activities:

- Financing of pre-owned and new commercial and passenger vehicles, tractors, 3 wheelers, multi-utility vehicles, etc.
- Finance for working capital, engine replacement, bill discounting, credit cards and tyre-loans as holistic financing support.
- Financing of pre-owned and new Construction equipment through Shriram Equipment Finance Company Limited, a 100% subsidiary
- Owns, operates and manages Auto mall, India's first pre-owned commercial vehicle physical auction platform through Shriram Auto mall India Limited, a 100% subsidiary
- Sale of refurbished commercial vehicles through Shriram New Look
- Operates Electronic Kiosks having intranet, to facilitate buying and selling of pre-owned commercial and passenger vehicles within own branches

Business Analysis

The company is one of the largest assets financing NBFC with approximately 20-25% market share in pre-owned and approximately 7-8% market share in new truck financing.

The company is strategically present in high yield - pre-owned CV financing with expertise in loan origination, valuation and collection.

The company has expanded product portfolio to include financing of tractors, small commercial vehicles, 3-wheelers, passenger commercial vehicles and construction equipment.

The company has a strategic mix of retail deposits and institutional funding with retail liabilities constituting 22.4 percent of the total external borrowings and loans from banks and institutions accounting for 77.6 percent.

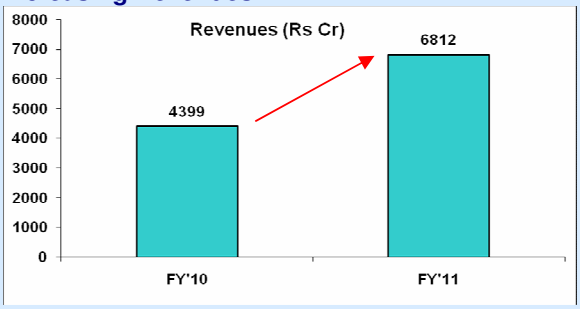
The company has a Pan-India presence through a network with 69 Strategic Business Units (SBUs), 494 branch offices and has partnership with over 500 Private Financiers. The company continued to strengthen its network also through private financiers.

The company has large customer base in excess of 0.8 mn as of June 30, 2011

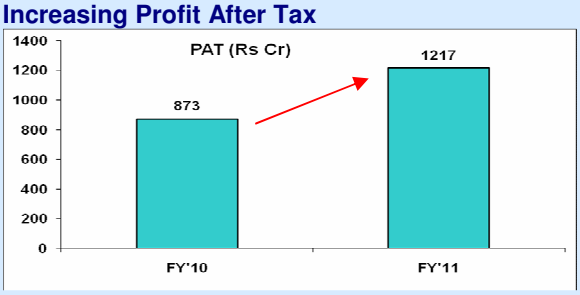
Employee strength of the company is approximately 16,486 including 9,439 product/credit executives as of June 30, 2011

The company is listed on the National Stock Exchange and Bombay Stock Exchange with a market capitalization of over Rs. 150 bn.

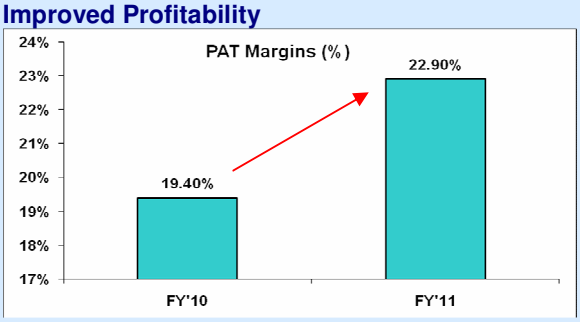
Increasing Revenues



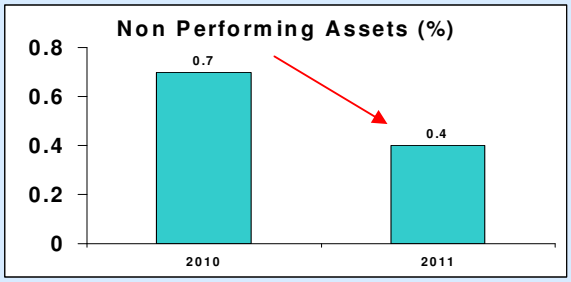
Increasing Profit After Tax



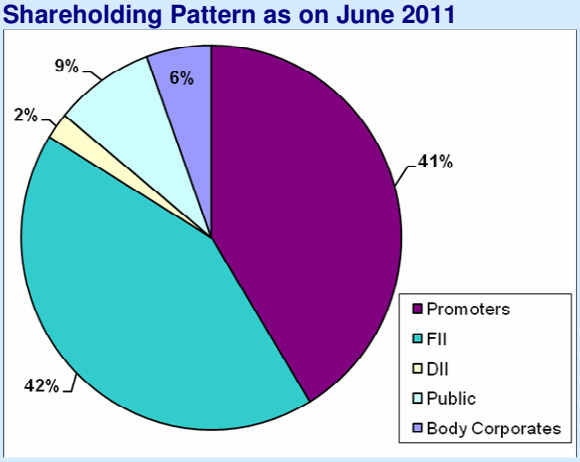
Improved Profitability



Falling Non Performing Assets (%)



Shareholding Pattern as on June 2011



Financial Performance

PARTICULAR	2010	2011
Revenue (Rs Cr.)	4399.06	5312.34
Revenue Growth (%)	-	20.76
EBITDA (Rs Cr.)	3483.96	3916.37
EBITDA Margins (%)	79.19	73.12
PAT (Rs Cr.)	873.10	1217.12
PAT Margins (%)	19.84	22.91
EPS (Rs)	53.82	38.71
Price Earnings Ratio (x) at CMP	10.98	15.26
Debt equity Ratio (x)	4.86	4.16
Interest Coverage Ratio (x)	1.59	1.81

The company has total Assets under Management (AUM) of Rs. 36997 cr with Pre-Owned CV accounted for approximately Rs. 27873 cr, new CV accounted for approximately Rs. 9027 cr and other accounted for approximately Rs. 97 cr.

The company has ability to access funds at competitive rates and lend it at better rates, which is the main driver of the company's profitability.

The asset quality of the company is quite healthy as can be seen from the fact that company's low NPA levels.

Debt – The Company's debt position is getting better which is clear from the decreasing D/E Ratio.

Interest Coverage – The Company's interest coverage ratio has witnessed an improvement during the FY'11.

The company's Capital Adequacy Ratio stands at 23.44% as against the minimum requirement of 12% by RBI.

Outlook

On the basis of improving interest coverage ratio and D/E Ratio company is expected to meet its debt obligations. The company is having good fundamentals as well as good operations. Hence we expect the company to perform well in future.