



Instrument

Secured and Unsecured Non Convertible Debenture (NCD)

Issue Highlights

Issue Opens – 17 May 2010

Issue Closes - 31 May 2010

Issue Size

Rs 500Cr including Green Shoe Option of upto 250 Cr

Listing - NSE

Lead Managers

ICICI Securities Ltd.

JM Financial Consultants (P) Ltd.

Co-Lead Managers

RR Investor Capital Services (P) Ltd.

Registrar

Integrated Enterprise Ltd.

Depositories - NSDL, CDSL

Issue Highlights

NCD Options	I	II	III	IV	V	
Tenor (Months)	60	84	60	Retail upto Rs 5 Lacs – 78, Retail over Rs 5 Lacs - 81, QIB/NII - 84	84	
Put / Call Option (Months)	36	60	N/A	N/A	N/A	
Interest Payment	Annual	Semi Annual	Annual	Double Bond	Annual	
Minimum Application (Rs)	Rs. 10000/- (10 NCDs) (for all option of Secured NCDs or Unsecured NCDs namely option I, II, III, IV or V either taken individually or collectively)					
In Multiples of (Rs)	1,000	1,000	1,000	1,000	1,000	
Face Value (Rs)	1,000	1,000	1,000	1,000	1,000	
Coupon (%) p.a.	Retail upto Rs 5 Lacs	9.75%	10.25%	10.50%	N/A	11.00%
	Retail above Rs 5 Lacs	9.50%	10.00%	10.25%	N/A	10.75%
	QIB/NII	9.00%	9.50%	9.75%	N/A	10.25%
Effective Yield (%) p.a.	Senior Citizen upto Rs 5 Lacs	10.00%	10.50%	10.75%	N/A	N/A
	Retail upto Rs 5 Lacs	9.75%	10.51%	10.50%	11.25%	11.00%
	Retail above Rs 5 Lacs	9.50%	10.25%	10.25%	10.81%	10.75%
Redemption	QIB/NII	9.00%	9.73%	9.75%	10.41%	10.25%
	Senior Citizen upto Rs 5 Lacs	10.00%	10.78%	10.75%	N/A	N/A
Rating	CARE AA+	CARE AA+	CARE AA+	CARE AA	CARE AA	
Security	Secured	Secured	Secured	Unsecured	Unsecured	
Nature of Indebtedness	Senior	Senior	Senior	Subordinate	Subordinate	
			40% of the face value - at 36 months, 40% of the face value - at 48 months, 20% of the face value - at 60 months,	At the end of the tenor, along with 100% Redemption Premium; Structured as per Tier II capital requirements	Structured as per Tier II capital requirements	

The Largest Asset Financing NBFC

The company is the largest assets financing NBFC (Source: D&B Report dated May, 2010) primarily catering to FTUs (First Time Users) and SRTOs (Small Road Transport Operators) and is among the leading financing institutions in the organized sector in this particular segment.

Network

The company has widespread network of branches across India, a key driver of its growth over the years. As of December 31, 2009 company has 482 branches across India, including at most of the major commercial vehicle hubs along various road transportation routes in India. The company has also strategically expanded its marketing network and operations by entering into partnership and co-financing arrangements with private financiers in the unorganized sector involved in commercial vehicle financing.

Cost Effective Funding Sources

The company funds its capital requirements through a variety of sources. Its fund requirements are currently predominantly sourced through term loans from banks, issue of redeemable non-convertible debentures, and cash credit from banks including working capital loans. The company also place commercial paper and access inter-corporate deposits. As a deposit-taking NBFC, the company is also able to mobilize retail fixed deposits at competitive rates. The company has also raised subordinated loans eligible for Tier II capital. The company also undertakes securitization/assignment transactions to increase its capital adequacy ratio, increase the efficiency of its loan portfolio and as a cost effective source of funds.

Business Model

The company is the financing institution in the organized sector providing finance to FTUs and SRTOs in the pre-owned commercial vehicle finance segment. The company is strategically present in high yield - pre-owned CV financing with expertise in loan origination, valuation and collection.

Product Offerings

Expanded product portfolio to include financing of tractors, small commercial vehicles, 3-wheelers, passenger commercial vehicles and construction equipment

Customer Base

As of December 31, 2009, the company has a customer base in excess of 0.6 mn (Source-company website)

Management team

R Sridhar, MD

- Over two decades of experience in financial services sector, especially in CV financing
- Fellow CA, joined Shriram Group in 1985 and is serving as MD since 2000
- Holds directorship in other Shriram Group companies

Umesh Revenkar, Executive Director - Operations

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

Parag Sharma, President – Finance

- Over 17 years experience in finance industry
- Joined in 1992 and now heads the Finance function, a qualified Cost Accountant

Vinay Kelkar, Executive Vice President

- 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 CA & CWA

S. Sunder, Senior Vice President

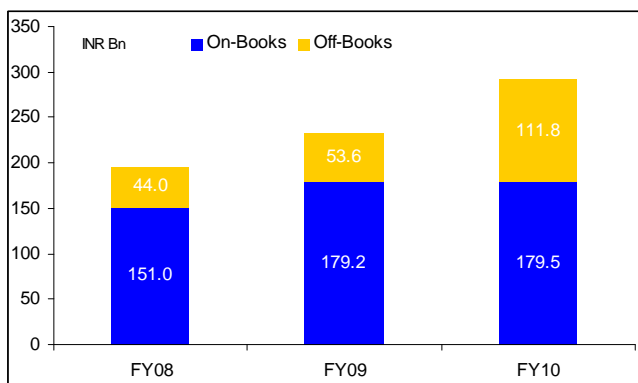
- Over 18 years experience in finance industry
- Joined in 1995 and now heads the Accounts and Administration function, a qualified CWA

Sanjay K Mundra, Vice President – Investor and Media Relations

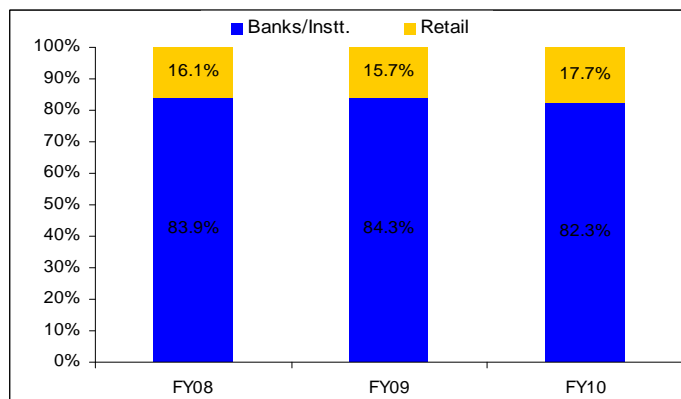
- Over 18 years experience in the finance Industry
- Joined in 2007, a qualified CS

Operational & Financial Metrics

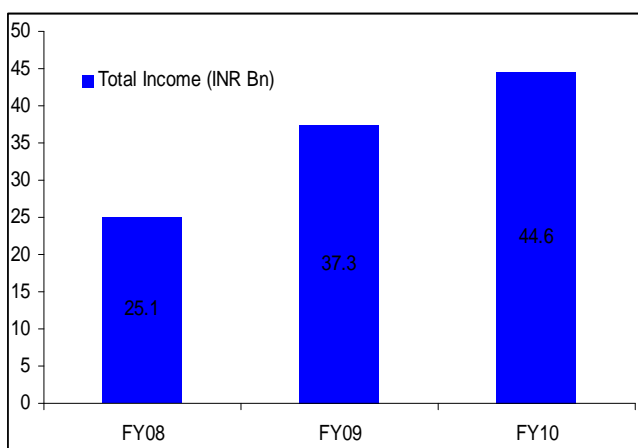
Asset Under Management



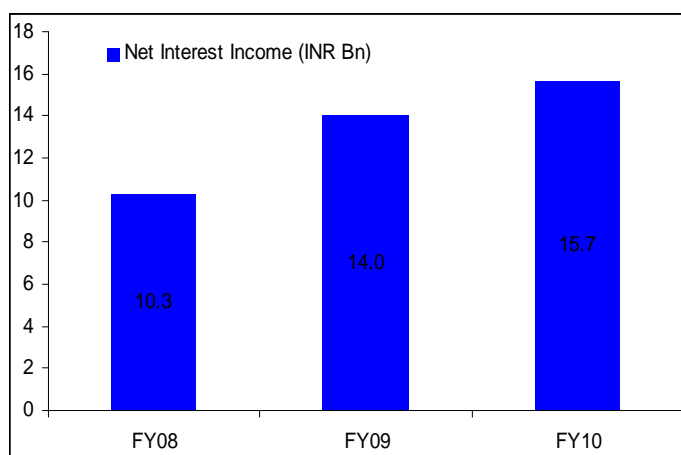
Borrowing Profile



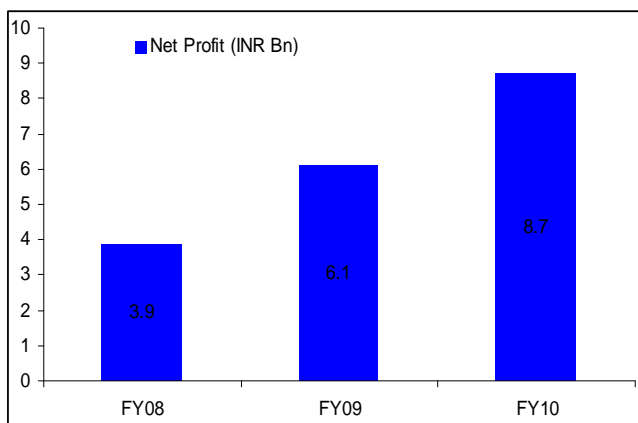
Revenues



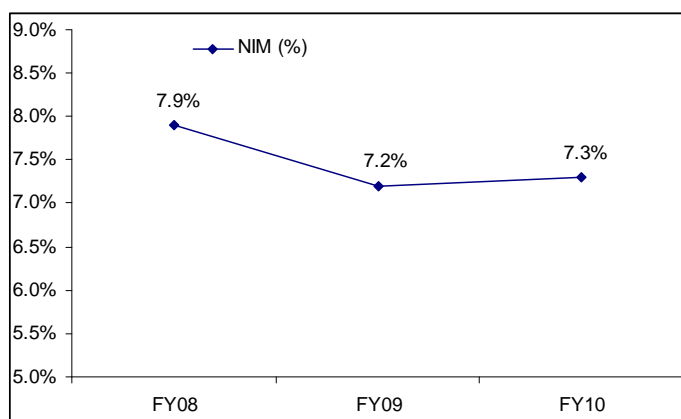
Net Interest Income



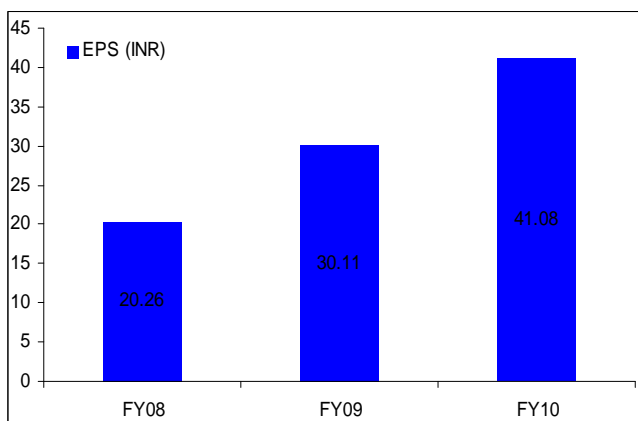
Bottomline



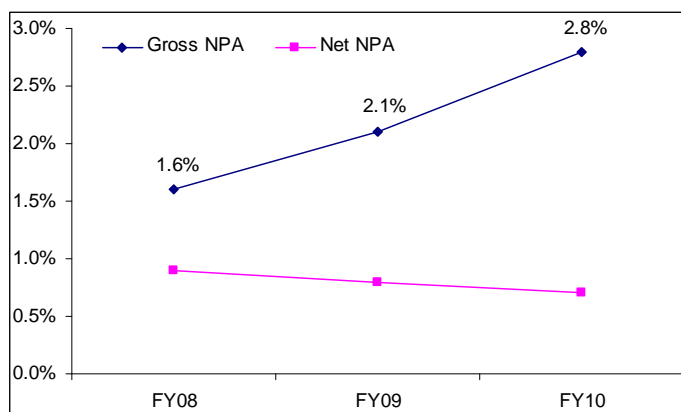
Margins



Earnings for Shareholders



Asset Quality



Industry Highlights:

The new commercial vehicle financing market is estimated at Rs.232.00 billion in 2009-10 and is projected to grow by 12.4 percent in 2010-11, primarily led by boost in business and consumer confidence levels, revival in commercial vehicle sales volume and decline in risk aversion among financiers. During 2008-09 to 2013-14, the industry is forecast to grow at a 5-year CAGR of 13.2 percent, driven by economic growth and infrastructure development in the country.

Apart from the company, HDFC Bank, Kotak Mahindra Bank and Sundaram Finance are some of the key organized players in the new vehicle financing segment. Some of the large players in the commercial vehicle financing industry, e.g. Citi Financial, Centuria Bank of Punjab and GE Money, as also numerous small-sized players, have exited the market, which has eased competitive intensity for other players like the Company.

In terms of global scale, the Indian automotive industry is the second largest two-wheeler market in the world, the fourth largest heavy commercial market in the world, and the eleventh largest passenger vehicle market in the world. As one of the largest industrial sectors in India, turnover of the automotive industry represents roughly 5.0% of India's GDP, while contributing nearly 17.0% to total indirect taxes. Although the automotive industry provides direct and indirect employment to over 13 million people, the penetration levels for vehicles in India are among the lowest in the world.

Over the long term, the commercial vehicle industry and consequently, commercial vehicle financing, is expected to continue to show growth in light of the following factors:

Modernization of trucking industry

A replacement boom is likely to be triggered by stricter enforcement of regulations banning trucks beyond 15 years and overloading, as well as the introduction by transport associations of a voluntary retirement scheme for old trucks with better financing options. An anticipated replacement demand for 1.1 million new as well as pre-owned trucks will require financing of Rs.1,078.00 billion.

Structural shift to hub-and-spoke model and improving road infrastructure

All commercial vehicle segments are expected to experience a boost from the fast-evolving hub- and spoke-structure of the freight industry. Long-distance haulage between hubs is typically serviced by heavy commercial vehicle on highways which continue to benefit from the Golden Quadrilateral and road development projects, with freight distribution from the hub to the local warehouse at the end of the spoke requiring medium commercial vehicles and distribution over the last mile requiring small commercial vehicles.

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

Currently, Bharat Stage IV norms (equivalent to Euro IV norms) are in force for four-wheelers in thirteen cities in India, while Bharat Stage III norms (equivalent to Euro III norms) are in force in rest of India. A revision in emission regulations is expected to be implemented by fiscal 2010, when the eleven major cities currently subject to Bharat Stage III norms are expected to move to Bharat Stage IV norms (equivalent to Euro IV norms), with the rest of India to adopting Bharat Stage III norms.

Freight capacity

GDP growth rate continues to drive incremental freight capacity, which is estimated to increase at 1.25 times of GDP growth.

Construction industry

The share of the construction industry in GDP has increased from 6.1% in 2002-03 to 6.9% in 2006-07. This increase has been largely propelled by government spending. Because a substantial portion of construction investment is spent on equipment, this construction boom heralds a similar expansion in the need for construction vehicles. The Indian construction industry is dominated by small contractors that perform over 90.0% of projects. These local players often lack adequate access to institutional finance, creating enormous opportunities in the area of construction equipment financing.

About the company

The company was established in 1979 and has a long track record of over three decades in the commercial vehicle financing industry in India. The Company has been registered as a deposit-taking NBFC with the RBI since September 4, 2000 under Section 45IA of the Reserve Bank of India Act, 1934.

The company is a part of the Shriram group of companies which has a strong presence in financial services in India, including commercial vehicle financing, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products such as life and general insurance products and mutual fund products, as well as a growing presence in other businesses such as property development, engineering projects and information technology.

The company is one of the largest asset financing NBFCs in India with a primary focus on financing pre-owned commercial vehicles. The company is among the leading financing institutions in the organized sector for the commercial vehicle industry in India for FTUs and SRTOs. The company also provides financing for passenger commercial vehicles, multi-utility vehicles, three wheelers, tractors and construction equipment. In addition, the company provides ancillary equipment and vehicle parts finance, such as loans for tyres and engine replacements, and provide working capital facility for FTUs and SRTOs.

The company also provides ancillary financial services targeted at commercial vehicle operators such as freight bill discounting and also market co-branded credit cards targeted at commercial vehicle operators in India, thereby providing comprehensive financing solutions to the road logistics industry in India. As of December 31, 2009 total employee strength was approximately 12,823.

For Further details/clarifications please contact:

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Disclaimer:

Shriram Transport Finance Company Limited is proposing to issue subject to market conditions and other consideration a public issue of Non Convertible Debentures and has filed a prospectus dated May 6, 2010 with the Registrar of Companies Tamil Nadu and the National Stock Exchange of India Limited (NSE). The Prospectus is available at the website of the issuer and the Managers to the issue. Potential investors should note that investment in debt securities involves a high degree of risk. Kindly refer to the section Risk Factor of the Prospectus for more information in this regard.

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