SHRIRAM
Commercial Vehicle Finance
GETS YOU GOING

SEC/FILING/BSE-NSE/17-18/68A-B

July 12, 2017

BSE Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 511218

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor,
Plot no. C/1, G- Block,
Bandra-Kurla Complex,
Mumbai – 400 051.
NSE Symbol: SRTRANSFIN

Dear Sirs,

Sub.: Intimation with regard to Credit Ratings – Research Update by S&P

In furtherance to our letter dated March 17, 2016 and January 12, 2017, we are attaching herewith the Research Update dated July 11, 2017 by Standard & Poor's (S&P).

Particulars	**To**	**From**
Shriram Transport Finance Co. Ltd. Counterparty Credit Rating	BB+/ Watch Dev/B	BB+/Stable/B
Senior Secured Notes	BB+/Watch Dev	BB+

This is for your information and record.

Thanking you.

Yours faithfully,

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

VIVEK ACHWAL
COMPANY SECRETARY
Encl. a/a

S&P Global
Ratings

RatingsDirect®

Research Update:

Shriram Transport Finance Ratings Placed On CreditWatch With Developing Implications On Proposed Merger With IDFC Group

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Research Update:

Shriram Transport Finance Ratings Placed On CreditWatch With Developing Implications On Proposed Merger With IDFC Group

Overview

- STFC received in-principle approval from its board of directors for evaluating a merger with the IDFC group.
- We are placing our 'BB+/B' issuer credit ratings on STFC and our 'BB+' long-term issue rating on the India-based finance company's senior secured notes on CreditWatch with developing implications.
- We expect to resolve the CreditWatch placement over the next three to six months after we receive more details regarding the merger. To resolve the CreditWatch, we will need to assess the creditworthiness of the consolidated merged group, and STFC's strategic importance within the group.

Rating Action

On July 11, 2017, S&P Global Ratings placed its 'BB+' long-term and 'B' short-term issuer credit ratings on Shriram Transport Finance Co. Ltd. (STFC) on CreditWatch with developing implications. We also placed our 'BB+' long-term issue rating on the India-based finance company's senior secured notes on CreditWatch with developing implications.

Rationale

Our CreditWatch placement follows STFC's proposed merger with IDFC Group. On July 8, 2017, STFC received in-principle approval from its board of directors for evaluating the merger.

Any rating impact from the potential merger of Shriram group's financial services businesses with the IDFC group would depend on the final terms of the deal, including the post-transaction structure, pricing, and financial profile of the merged group. The rating impact would also depend on STFC's strategic importance within the group following the merger.

We believe the merger would facilitate cross-selling of banking services to STFC's customers through IDFC Bank Ltd. Moreover, access to STFC's vast customer base would strengthen IDFC group's asset size, retail franchise, and network.

We note that the proposed merger requires approval from several regulatory

bodies along with approval from both groups' shareholders. Given the complex nature of the transaction involving several listed entities, these approvals can take time. We believe the proposed merger could take up to 12 months to materialize.

CreditWatch

We expect to resolve the CreditWatch placement over the next three to six months after we receive more details regarding the merger, including the expected final group structure and associated changes in management and strategy. To resolve the CreditWatch, we will need to assess the creditworthiness of the consolidated merged group, and STFC's strategic importance within the group.

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Financial Institutions - General: Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014
- Criteria - Financial Institutions - General: Nonbank Financial Institutions Rating Methodology, Dec. 9, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Bank Capital Methodology And Assumptions, Dec. 6, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

CreditWatch Action

	To	From
Shriram Transport Finance Co. Ltd.		
Counterparty Credit Rating	BB+/Watch Dev/B	BB+/Stable/B
Senior Secured	BB+/Watch Dev	BB+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed

to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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