

July 16, 2010

**CARE ASSIGNS IN-PRINCIPLE RATING OF 'CARE AA+ (SO)' TO SERIES A1
PTC ISSUED BY IAG LOAN TRUST UNDER GE CAPITAL SERVICES INDIA
SECURITISATION PROGRAMME
(OBLIGOR – SHRIRAM TRANSPORT FINANCE CO LTD.)**

CARE has assigned an **in-principle 'CARE AA+ (SO)' [Double A Plus (Structured Obligation)]** rating to Series A1 PTCs proposed to be issued by 'IAG Loan Trust' under the loan securitisation programme of GE Capital Services India Ltd. (GEC SI). Instruments with this rating are considered to offer high safety for timely servicing of debt obligations. Such instruments carry very low credit risk. CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol. The rating is 'provisional' rating and will be confirmed after the documents are executed as per the proposed structure and an independent legal opinion on the transaction, to the satisfaction of CARE, is provided by GEC SI.

The rating is based on the credit quality of the obligor [Shriram Transport Finance Company Limited (STFCL)], the payment mechanism envisaged under the structure & integrity of legal structure. STFCL has an outstanding rating of 'CARE AA+ [Double A Plus]' for long term Non Convertible Debentures and CARE AA [Double A] for Subordinated Debt.

GEC SI proposes to assign the loan receivables from STFCL to 'IAG Loan Trust'. The receivables arise from loan of Rs.50 crore to be disbursed to STFCL by GEC SI. IAG Loan Trust would issue PTCs backed by the receivables (principal & interest) from the underlying loan representing undivided beneficial interest in the loan receivables. The proceeds of securitisation would be used to pay off GEC SI, the Originator of this transaction, as purchase consideration. Series A1 PTCs are issued for a period of 1,100 days. Duration of the PTCs is matched with the tenure of the underlying loan of 1,100 days.

Brief Rationale for Rating of STFCL *

The rating of STFCL factors in its dominant position and almost three decades of experience in the pre-owned commercial vehicle (CV) financing segment, its overall healthy profitability parameters, its strong resource raising capabilities, and its proactive and experienced management. The rating is however constrained by STFCL's concentration in a single asset class and the underlying industry risk linked with its target customer segment of Small Truck Operators, which is relatively more vulnerable to an economic downturn. STFCL's ability to maintain the asset quality of its portfolio, which has grown rapidly in last two-three years, in a scenario of economic slowdown, timely infusion of additional capital to fuel growth and maintaining its spreads would remain key rating sensitivities.

About Shriram Transport Finance Co. Ltd (STFCL).

STFCL is in the business of financing small / medium truck operators who generally require loans with smaller ticket size. Majority of the loan portfolio of the company comprises Used CV. STFCL has a track record of over 30 years of operations and has pan-India presence with 482 branches, and employs more than 11,000 employees including around 6,000 field officers. The company has built a strong customer base of over 6 lakh as on December 31, 2009.

Analyst Contact

Name: Vijay Agrawal

Tel # (022) 6754 3416

E-mail: Vijay.agrawal@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Praladnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>