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In addition, holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of the Rupee denominated notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Rupee denominated notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Rupee denominated notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Rupee denominated notes. Potential investors should seek independent advice and verify compliance with Financial Action Task Force (**FATF**) Requirements (as further set out under "*Subscription and Sale*") prior to any purchase of the Rupee denominated notes.

**The holders and beneficial owners of Rupee denominated notes shall be deemed to confirm that for so long as they hold any Rupee denominated notes, they will meet the FATF Requirements (as further set out under "*Subscription and Sale*") and will not be an offshore branch of an Indian bank.**

**Further, all Noteholders represent and agree that the Rupee denominated notes will not be offered or sold on the secondary market to any person who does not comply with the FATF Requirements (as further set out under "*Subscription and Sale*") or which is an offshore branch of an Indian bank.**

## OFFERING CIRCULAR



# SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

*(incorporated with limited liability in India)*

## **₹4,750,000,000 8.25 per cent. Senior Secured Notes due 2020** **Payable in U.S. Dollars**

**Issue price: 100.00 per cent.**

The ₹4,750,000,000 8.25 per cent. Senior Secured Notes due 2020 payable in U.S. dollars (the **Notes**) are issued by Shriram Transport Finance Company Limited (the **Company**). The principal and interest on the Notes will be translated into, and payment of principal and interest will be made in, U.S. dollars.

The Company may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under “*Conditions of the Notes — Redemption and Purchase*”. The Notes mature on 18 February 2020.

The Notes constitute direct and unconditional obligations of the Company which are secured in the manner provided in the Conditions, and rank and will at all times rank *pari passu*, without any preference among themselves. The obligations of the Company under, or in connection with, the Notes are secured in favour of the Security Trustee by the Security Documents (as defined in the Conditions) under security arrangements more fully described in “*Conditions of the Notes*”.

Application will be made for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the **SGX-ST**). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of our Company or the Notes.

The Notes have been rated BB+ by Standard & Poor’s Rating Services (**S&P**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. The Notes may not be offered or sold directly or indirectly in India or to, or for the account of, any resident of India or in circumstances which would constitute an offer to the public within the meaning of the Companies Act, 2013 and other laws for the time being in force.**

The Notes will initially be represented by a global certificate in registered form (the **Global Certificate**) which will be registered in the name of a nominee of a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**). It is expected that delivery of the Global Certificate will be made on 18 January 2017 or such later date as may be agreed (the **Closing Date**) by our Company and the initial purchaser (as defined under “*Subscription and Sale*”).

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “*Risk Factors*” on page 14.

*Arranger*

**Credit Suisse**

The date of this Offering Circular is 12 January 2017.

Our Company accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of our Company (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company, having made all reasonable enquiries, confirms that this Offering Circular contains all material information with respect to our Company and the Notes (including all information which, according to the particular nature of our Company and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of our Company and of the rights attaching to the Notes), that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. Our Company accepts responsibility accordingly.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by our Company in connection with the offering of the Notes. The Arranger or the Trustee does not accept any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by our Company in connection with the offering of the Notes or their distribution.

No person is or has been authorised by our Company, the Arranger or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by our Company, the Arranger or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by our Company, the Arranger or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company. Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of our Company, the Arranger or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning our Company is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering of the Notes is correct as at any time subsequent to the date indicated in the document containing the same. Each of the Arranger and the Trustee expressly does not undertake to review the financial condition or affairs of our Company during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Our Company, the Arranger, and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by our Company, the Arranger, or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, India, Hong Kong and Singapore, see “*Subscription and Sale*”.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in “*Subscription and Sale*”.

#### **FORWARD LOOKING STATEMENTS**

Certain statements in this Offering Circular constitute **forward-looking statements**. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “project”, “should”, “view” and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company’s present and future business strategies and the environment in which our Company will operate in the future. Among the important factors that could cause our Company’s actual results, performance or achievements to differ materially from those in the forward-looking statements are included, amongst others, the condition of, and changes in, India’s political and economic status and the Indian vehicle finance industry. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*” and “*Business*”. These forward-looking statements speak only as of the date of this Offering Circular. Our Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in our Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

#### **ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA**

Our Company is a limited liability public company incorporated under the laws of India. Most of our Company’s directors and executive officers named herein are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities of our Company or such directors and executive officers under laws other than Indian law.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Our Company understands that the statutory basis for recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Indian Code of Civil Procedure, 1908 (the **Civil Code**). Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Indian Government (as defined herein) has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

The United Kingdom has been declared by the Indian Government to be a reciprocating territory and the High Courts in England as the relevant superior courts. Accordingly, a judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (**RBI**) under the Foreign Exchange Management Act, 1999 to execute such a judgment or to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

In this Offering Circular, the terms the **Issuer** or the **Company** unless otherwise specified or the context otherwise implies, refer to Shriram Transport Finance Company Limited. In this Offering Circular, references to **Holders** or **Noteholders** are to holders of the Notes from time to time. In this Offering Circular, unless otherwise specified or the context otherwise requires, references to **India** are to the Republic of India and its territories and possessions, references to the **U.S.** and **United States** are references to the United States of America and its territories and possessions, references to the **Indian Government** or the **Government** are to the Government of India and references to the **Companies Act** are to the Companies Act, 2013, together with rules and regulations thereunder or, where applicable, Companies Act, 1956, together with the rules and regulations thereunder, each as amended, supplemented or re-enacted from time to time.

Unless expressly stated otherwise, all financial data in this Offering Circular are presented on an unconsolidated basis in accordance with accounting principles generally accepted in India (**Indian GAAP**). Our Company's financial year ends on 31 March of each year, so all references to a particular financial year, to **Fiscal** or **Fiscal Year** are to the twelve months ended 31 March of that year. Our Company prepares its financial statements in accordance with Indian GAAP and the requirements of the Companies Act and the financial statements included in this Offering Circular comprise its audited consolidated financial statements as of and for the years ended 31 March 2014, 2015 and 2016, audited unconsolidated financial statements as of and for the years ended 31 March 2014, 2015 and 2016 and

unaudited condensed unconsolidated financial statements as of and for the six months ended 30 September 2016. Our unconsolidated financial statements as of and for the six months ended 30 September 2015 have not been reviewed or audited by our Company's joint statutory auditors, S.R. Batliboi & Co. LLP and G.D. Apte & Co.

Pursuant to the scheme of amalgamation (the **Scheme**) of Shriram Equipment Finance Company Limited (**SEFCL**) with our Company under Sections 391 to 394 of the Companies Act, 1956, sanctioned by the Honorable High Court of Madras on 31 March 2016, SEFCL's entire business, all assets and liabilities were transferred and vested in the Company with effect from 1 April 2015. Accordingly, the Scheme has been given effect to in the financial statements for the year ended 31 March 2016.

Our Company publishes its financial statements in Indian Rupees. All references herein to **Indian Rupees, Rupees, Rs.** and ₹ are to Indian Rupees, all references herein to **U.S. dollars, United States dollars** and **U.S.\$** are to United States dollars and all references herein to **S\$** are to the lawful currency of Singapore. Unless otherwise stated, all translations from Indian Rupees to United States dollars has been made, in the case of amounts derived from our Company's balance sheet and profit and loss account, on the basis of the ₹/U.S.\$ closing exchange rate as of 30 September 2016 of U.S.\$1.00 = ₹66.6596. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and have not been audited or reviewed by our Company's joint statutory auditors, S.R. Batliboi & Co. LLP and G.D. Apte & Co. Further, no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into any other currency, at any particular rate, the above rates or at all.

Principal and interest on the Notes will be payable by the Company in U.S. dollars. The amount of principal and interest to be paid will be determined by The Hongkong and Shanghai Banking Corporation Limited (the **Calculation Agent**) and will be translated from Indian Rupees to U.S. dollars at the Reference Rate (as defined herein) for conversion of Indian Rupees to U.S. dollars on the applicable Rate Fixing Date (as defined herein).

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

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## SUMMARY

We believe we are one of the largest asset financing non-banking finance companies (NBFC) in the organised sector in India that cater to first time users (FTU) and small road transport operators (SRTOs) for financing pre-owned commercial vehicles. In addition, we provide commercial vehicle finance for new commercial vehicles. We are amongst the leading NBFCs in the organised sector for the commercial vehicle industry in India for FTUs and SRTOs. We also provide financing for passenger commercial vehicles, multi-utility vehicles, three wheelers and tractors as well as ancillary equipment and vehicle parts finance, such as loans for tyres and engine replacements, and provide working capital facility for FTUs and SRTOs. We offer financial services to commercial vehicle operators, thereby providing comprehensive financing solutions to the road logistics industry in India.

In addition, our wholly owned subsidiary, Shriram Automall India Limited, provides fee-based facilitation services for the sale of pre-owned commercial vehicles and auctioning of pre-owned commercial vehicles, as well as commercial vehicles repossessed by financing companies.

Our Company was established in 1979 and we have 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 Reserve Bank of India (RBI) since 4 September 2000 under Section 45IA of the Reserve Bank of India Act, 1934. We are 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. Notably, our Company registered with Insurance Regulatory and Development Authority of India as a corporate agent to deal in general insurance and life insurance in 2013.

Our widespread network of branches across India has been a key driver of our growth over the years. As of 30 September 2016, we had 899 branches across India, including most of the major commercial vehicle hubs along various road transportation routes in India. We have also established our presence in 906 rural centres as of 30 September 2016, with a view towards increasing our market share in the pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have also strategically expanded our marketing network and operations by entering into partnership and co-financing arrangements with private financiers in the unorganised sector involved in commercial vehicle financing. As of 30 September 2016, the total number of our employees was 17,162.

We have demonstrated consistent growth in our business and in our profitability. Our assets under management has grown from ₹538,345.06 million (comprising assets under management in the books of our Company of ₹372,917.14 million and loan assets securitised and assigned of ₹165,427.92 million) as of 31 March 2014 on an unconsolidated basis to ₹734,066.17 million (comprising assets under management in the books of our Company of ₹625,403.33 million and loan assets securitised and assigned of ₹108,662.84 million) as of 31 March 2016 on an unconsolidated basis. Our assets under management as of 30 September 2016 was ₹759,792.42 million (comprising assets under management in the books of our Company of ₹643,534.37 million and loan assets securitised and assigned of ₹116,258.05 million). Our capital adequacy ratio as of 30 September 2016 and 31 March 2016 computed on the basis of applicable RBI requirements was 17.44 per cent. and 17.56 per cent., respectively, on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.00 per cent. Our Tier I capital as of 30 September 2016 and 31 March 2016 was ₹99,808.28 million and ₹93,022.96 million, respectively, on an unconsolidated basis. Our Gross NPAs as a percentage of total loan assets was 6.59 per cent. and 6.19 per cent. as of 30 September 2016 and 31 March 2016, respectively. Our net NPAs as a percentage of net loan assets was 2.04 per cent. and 1.91 per cent. as of 30 September 2016 and 31 March 2016, respectively, on an unconsolidated basis.

Our total income on an unconsolidated basis increased from ₹78,882.59 million in fiscal 2014 to ₹102,452.61 million in fiscal 2016. Our total income on an unconsolidated basis for the six months ending September 2016 is ₹54,008.70 million (U.S.\$810.22 million). Our net profit after tax decreased from ₹12,642.08 million in fiscal 2014 to ₹11,781.97 million in fiscal 2016. Our net profit after tax for the six months ending September 2016 is ₹7,617.51 million (U.S.\$114.27 million). A summary of our key operational and financial parameters for the last three completed fiscal years, as specified below are as follows:

	As of and for the fiscal year ended 31 March			As of and for the three months ended 30 September	
	2014	2015	2016	2016	2016
	(₹ million)				(U.S.\$ million) <sup>(1)</sup>
	(consolidated)			(unconsolidated)	
Net worth <sup>(2)</sup> . . . . .	84,665.30	92,289.23	101,531.48	109,003.37	1,635.22
Total borrowing . . . . .	386,304.74	466,945.21	497,900.09	518,280.49	7,775.03
of which					
Non-current maturities of long term borrowing . . . . .	239,620.84	328,555.84	302,688.87	319,743.14	4,796.66
Short term borrowing . . . . .	33,937.80	29,526.29	33,304.44	37,164.87	557.53
Current maturities of long term borrowing . . . . .	112,746.10	108,863.08	161,906.78	161,372.48	2,420.84
Fixed assets . . . . .	1,548.31	1,542.57	1,521.12	935.62	14.04
Non-current assets . . . . .	246,722.54	338,106.66	447,106.53	475,468.72	7,132.79
Cash and cash balances . . . . .	71,184.37	47,611.79	23,655.50	35,028.91	525.49
Current investments . . . . .	20,374.63	22,129.21	1,169.92	2,500.00	37.50
Current assets . . . . .	276,501.33	283,429.48	233,028.14	239,477.63	3,592.55
Current liabilities . . . . .	175,590.26	171,886.07	235,629.10	243,051.51	3,646.16
Assets under management . . . . .	572,528.96	626,260.00	734,066.17	759,792.42	11,398.09
Off Balance sheet assets <sup>(3)</sup> . . . . .	165,427.92	98,300.04	108,662.84	116,258.05	1,744.06
Provisioning and write-offs . . . . .	12,132.09	16,122.24	20,585.75	9,194.20	137.93
Profit after tax from operations . . .	<u>13,579.37</u>	<u>10,284.45</u>	<u>11,836.19</u>	<u>7,617.51</u>	<u>114.27</u>

*Notes:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.
- (2) Net worth consists of share capital and reserves and surplus minus miscellaneous expenditure (to the extent not written off or adjusted).
- (3) Off balance sheet assets means hypothecation loans securitised till date.

	Fiscal year ended 31 March			For the six months ended 30 September		
	2014	2015	2016	2015	2016	2016
	(₹ million)				(U.S.\$ million)	
	(consolidated)			(unconsolidated)		
Interest income . . . . .	79,537.46	86,903.70	99,037.73	46,565.37	53,654.07	804.90
Interest expense . . . . .	39,054.25	44,914.58	49,430.74	23,372.15	25,757.55	386.40

*Notes:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

The following table sets forth, as of the dates indicated, data regarding our NPAs and capital adequacy ratios on an unconsolidated basis:

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
	(in ₹ millions except percentages)				(U.S.\$ in millions except percentages) <sup>(1)</sup>
Gross NPA <sup>(2)</sup> . . . . .	14,505.03	18,941.39	38,702.38	42,420.35	636.37
Net NPA <sup>(3)</sup> . . . . .	3,029.12	3,791.21	11,436.97	12,518.40	187.80
Total loan assets . . . . .	372,917.14	497,974.11	625,403.33	643,534.37	9,654.04
Net loan assets <sup>(4)</sup> . . . . .	361,441.23	482,823.93	598,137.92	613,632.42	9,205.46
Percentage of gross NPA to total loan assets . . . . .	3.89	3.80	6.19	6.59	6.59
Percentage of Net NPA to Net Loan Assets. . . . .	0.84	0.79	1.91	2.04	2.04
Tier I Capital Adequacy Ratio (per cent.) . . . . .	17.69	16.40	14.71	15.28	15.28
Tier II Capital Adequacy Ratio (per cent.) . . . . .	5.68	4.12	2.85	17.44	17.44

*Note:* The information above excludes securitised and assigned assets.

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.
- (2) Gross NPA means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts.
- (3) Net NPA means Gross NPA net off provision held for NPA accounts.
- (4) Net Loan Assets means total loan assets as adjusted for provisions for non-performing assets.

## RECENT DEVELOPMENTS

Our loan disbursements are made entirely through electronic means via our customers' bank accounts. However, our collection of financings provided to the pre-owned CV segment involves a heavy reliance on cash collections from truck operators, a process of which has been affected by India's recent demonetisation of high denomination currency notes. See "*Risk Factors — Risks relating to India - The demonetisation of high denomination Indian currency notes could impact our business and financial performance.*" We have taken necessary steps to reorient our existing loan recovery and collection model such as including the use of mobile POS terminal at all of our branches to facilitate card transactions for repayment, educating borrowers on the use of digital payment systems and assisting borrowers to install and use payment applications on their smartphones such as mobile wallets, UPI, NACH and USSD. Through our efforts, we believe the recent demonetisation has had limited impact on our business. For example, our overall collection efficiency level of our assets under management for November 2016 was 92.14 per cent. as compared to 95.7 per cent. for October 2016 of our expected recovery amount.

## **OUR STRENGTHS**

We believe that the following are our key strengths:

### ***One of the largest asset financing NBFCs in India***

We believe we are one of the largest NBFCs in the organised sector in India that cater to FTUs and SRTOs for financing pre-owned commercial vehicles. Our widespread network of 899 branches across India and presence in 906 rural centres as of 30 September 2016 enables us to access a large base of approximately 1.35 million customers, including most major and minor commercial vehicle hubs along various road transportation routes in India. We believe that our widespread branch network enables us to service and support our existing customers from proximate locations which provide customers easy access to our services. We have also strategically expanded our marketing and customer origination network by entering into partnership and co-financing arrangements with private financiers involved in commercial vehicle financing. We believe our relationship with these partners is a critical factor in sourcing new customers and enhancing reach and market share with a low upfront capital cost. We believe the relationships we have developed with our customers provide us with opportunities for repeat business and to cross-sell our other products as well as derive benefit from customer referrals.

Our assets under management on an unconsolidated basis as of 30 September 2016 and 31 March 2016 was ₹759,792.42 million (U.S.\$11,398.09 million) (comprising assets under management in the books of our Company of ₹643,534.37 million (U.S.\$9,654.04 million) and loan assets securitised and assigned of ₹116,258.05 million (U.S.\$1,744.06 million)) and ₹734,066.17 million (comprising assets under management in the books of our Company of ₹625,403.33 million and loan assets securitised and assigned of ₹108,662.84 million), respectively. As of 30 September 2016, this is supported by a capital base, with share capital of ₹2,269.07 million (U.S.\$34.04 million) and reserves and surplus of ₹106,889.59 million (U.S.\$1,603.51 million) on an unconsolidated basis. As of 31 March 2016, our share capital was ₹2,269.07 million and reserves and surplus was ₹99,272.08 million on an unconsolidated basis. Our capital adequacy ratio as of 30 September 2016 and 31 March 2016 computed on the basis of applicable RBI requirements was 17.44 per cent. and 17.56 per cent., respectively on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.00 per cent. Our Tier I capital as of 30 September 2016 and 31 March 2016 was ₹99,808.28 million (U.S.\$1,497.28 million) and ₹93,022.96 million, respectively on an unconsolidated basis.

### ***Unique business model with a strong brand name and a track record of strong financial performance***

We believe that FTUs and SRTOs are not a focus segment for commercial banks in India as these customers lack substantial credit histories and other financial documentation on which many banks rely to identify and target new customers. As the market for commercial vehicle financing, especially pre-owned commercial vehicle financing, is fragmented, we believe our credit evaluation techniques, relationship-based approach, extensive branch network and strong valuation skills make our business model unique and sustainable as compared to other financiers. In addition, we believe that our business model is easily scalable at local levels throughout India, since we can recruit staff from India's abundant labour markets. We have an established track record of developing and training recruits on our internally developed valuation techniques, substantial customer knowledge and relationship culture we have developed over the past three decades. We believe this is a key strength that is difficult to replicate and constitutes a high barrier to entry which enables us to provide finance to pre-owned commercial vehicle operators at favourable interest rates and repayment terms as compared to private financiers in the unorganised sector.

Our targeted focus on the otherwise fragmented nature of this market segment, our widespread branch network, particularly in commercial vehicle hubs across India, as well as our large customer base has enabled us to build a strong brand. We believe our efficient credit approval procedures, credit delivery process and relationship-based loan administration and monitoring methodology have also aided in

increasing customer loyalty and earning repeat business and customer referrals. As a result, we received the “India No. 1 Brand Award” for the best vehicle finance company category from the Indian Brand Convention in 2015, and accordingly we believe that our “Shriram” brand is synonymous with pre-owned commercial vehicle financing in the Indian mass market.

#### *Access to a range of cost effective funding sources*

We fund our capital requirements through a variety of sources. As of 30 September 2016, 81.21 per cent. of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 18.79 per cent. consisted of funds raised through retail borrowings on an unconsolidated basis. We meet our funding requirements predominantly through term loans from banks (including cash credit), the issue of redeemable non-convertible debentures and fixed deposits, which constituted 36.71 per cent., 36.67 per cent. and 16.14 per cent. of our total borrowings, respectively, as of 30 September 2016 on an unconsolidated basis. We access funds from a number of credit providers, including 65 banks comprising nationalised banks, private Indian banks and foreign banks, and we believe our track record of debt servicing has allowed us to establish and maintain strong relationships with these financial institutions, some of which we have worked with for more than ten years. As a deposit-taking NBFC, we are also able to mobilise fixed deposits at competitive rates at the retail level. We have also raised subordinated loans eligible for Tier II capital. We undertake securitisation and assignment transactions as a cost effective source of funds.

In relation to our long-term debt instruments, we currently have long-term ratings of ‘CARE AA+’ from Credit Analysis and Research Ltd. (CARE), ‘IND AA+’ from India Ratings and Research and ‘CRISIL AA+/Stable’ from CRISIL Limited (CRISIL). In relation to our short-term debt instruments, we have also received short-term ratings of ‘CRISIL A1+’ from CRISIL.

We believe that we have been able to achieve a relatively stable cost of funds, primarily due to our improved credit ratings, effective treasury management and innovative fund raising programs. For the years ended 31 March 2014, 2015 and 2016, our cost of borrowing was 10.39 per cent., 10.07 per cent. and 9.87 per cent. of our total costs, respectively. For the six month period ending 30 September 2016, our cost of borrowing was 9.75 per cent of our total costs. We believe we are able to borrow from a range of sources at competitive rates.

The RBI currently mandates commercial banks operating in India to maintain an aggregate 40.0 per cent. of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises (including SRTOs, which constitute the largest proportion of our loan portfolio), micro enterprises within the micro and small enterprises sector, export credit, advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions like us that are better positioned to or exclusively focus on originating such assets through purchase of assets or securitised and assigned pools to comply with these targets. We believe our securitised and assigned asset pools are particularly attractive to these banks as such transactions provide them with an avenue to increase their asset base through low-cost investments and limited risk. We believe we can negotiate competitive interest rates with banks, NBFCs and other lenders since the majority of our loan portfolio is classified as priority sector lending. As of 30 September 2016, the total book value of loan assets securitised and assigned on an unconsolidated basis was ₹50,582.83 million (U.S.\$758.82 million). In fiscals 2014, 2015 and 2016, the total book value of loan assets securitised and assigned on an unconsolidated basis was ₹106,795.48 million, ₹44,814.25 million and ₹89,917.52 million, respectively.

### ***Extensive experience and expertise in credit appraisal and collection processes***

We believe we have developed a unique business model that addresses the needs of a specific market segment with increasing demand. We focus on closely monitoring our assets and borrowers through product executives who develop long-term relationships with FTUs and SRTOs, which enable us to capitalise on local knowledge. We follow stringent credit policies, including limits on customer exposure, to ensure the asset quality of our loans and the security provided for such loans. Further, we have nurtured a culture of accountability by making our product executives responsible for loan administration and monitoring as well as recovery of the loans they originate.

Extensive expertise in asset valuation is a pre-requisite for any NBFC providing loans for pre-owned assets. Over the years, we have developed expertise in valuing pre-owned vehicles, which enables us to accurately determine a recoverable loan amount for commercial vehicle purchases. We believe a tested valuation technique for these assets is a crucial entry barrier for others seeking to enter our market segment. Furthermore, our entire recovery and collection operation is administered in-house and we do not outsource loan recovery and collection operations. We believe that our loan recovery procedure is particularly well-suited to our target market in the commercial vehicle financing industry, as reflected by our high loan recovery ratios compared to others in the financial services industry, and we believe that this knowledge and relationship-based recovery procedure is difficult to replicate in the short to medium term.

Our Gross NPAs as a percentage of total loan assets was 6.59 per cent. and 6.19 per cent. as of 30 September 2016 and 31 March 2016, respectively. Our Net NPAs as a percentage of net loan assets was 2.04 per cent. and 1.91 per cent. as of 30 September 2016 and 31 March 2016, respectively, on an unconsolidated basis.

### ***Positive long-term industry prospects***

We believe the market we serve enjoys positive long-term prospects as a result of favourable macro- and microeconomic factors, including the favourable inflation and interest rate environment in India, further liberalisation initiatives and the opening of economy by the Government, leading to increased business for our customers, which would in turn lead to a higher demand for the vehicles we finance.

Total commercial vehicles sales volumes grew by 11.50 per cent. year-on-year in April 2015 - March 2016 over April 2014 - March 2015, mainly aided by a strong growth in medium and heavy commercial vehicles sales, aided by strong replacement demand from large fleet operators and advancement in purchases due to expected price hikes from October 2015. We expect this growth which was due primarily to growth in the commercial vehicle industry, as well as the corresponding growth in commercial vehicle financing will continue following further modernisation of India's trucking industry, a structural shift to a hub-and-spoke model for trucking services, an improvement of road infrastructure and growing freight capacity. See "*Industry — Commercial Vehicle Industry.*"

We also expect Government investments in roads and highways will support growth in the commercial vehicle industry. Between fiscal 2009 and fiscal 2014, the number of vehicles operating in India has increased at an average pace of 10.16 per cent. per annum. As a result of the need to create an adequate road network to serve increased traffic and movement of goods in India, the Government has planned significant investments in infrastructure to develop India's roads. Currently, India has the second largest road network in the world, totalling approximately 4.87 million kilometres according to the National Highways Authority of India.

The Indian Government is currently considering proposals, taking into account the views of the National Green Tribunal (NGT), to ban commercial vehicles older than 10 years to reduce pollution. If these proposals are enacted by the Indian Government, this may result in a change in the Asset Under Management (AUM) portfolio of our Company and the percentage of loans financed for the purchase of new vehicles may gradually increase.

### ***Experienced senior management team***

As of the date of this Offering Circular, our board of directors (the **Board**) consists of nine directors with extensive experience in the automotive and/or financial services sectors. Our Company offers robust internal training programmes and has availed itself to an organically developed pool of talented members. Our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. Certain members of our senior management team have more than 15 years of experience with our Company. Our management promotes a result-oriented culture that rewards our employees on the basis of merit. In order to strengthen our credit appraisal and risk management systems, and to develop and implement our credit policies, we have hired a number of senior managers who have extensive experience in and knowledge of the Indian banking and financial services sector and in specialised lending finance firms providing loans to retail customers. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

### **OUR STRATEGIES**

Our key strategic priorities are as follows:

#### ***Further expand operations by growing our branch network and presence in rural centres and increasing partnership and co-financing arrangements with private financiers***

We intend to continue to strategically expand our operations in target markets that are large commercial vehicle hubs by establishing additional branches. Our marketing and customer origination and servicing efforts strategically focus on building long-term relationships with our customers and address specific issues and local business requirements of potential customers in a particular region. We also intend to increase our operations in certain regions in India where we historically had relatively limited operations, such as in eastern and northern parts of India, and to further consolidate our position and operations in western and southern parts of India. We have also adopted a strategy of establishing our presence in rural centres with a view towards increasing our presence in the pre-owned commercial vehicle market and reaching out to relatively a newer customer segment in rural areas. We had presence in 906 rural centres as of 30 September 2016 and propose to continue to increase our presence in such rural centres across India. We also provide loans for new commercial vehicles, in addition to our policy of providing finance for vehicles which are between five to twelve years old with a view of expanding our reach and diversifying our portfolio.

The pre-owned commercial vehicle financing industry in India is dominated by private financiers in the unorganised sector. We intend to continue to strategically expand our marketing and customer origination network by entering into partnership and co-financing arrangements with private financiers across India involved in commercial vehicle financing. However, the hypothecations granted in connection with these co-financing arrangements will remain solely in our favour.

#### ***Continue to develop our Automall business through our wholly owned subsidiary Shriram Automall India Limited***

Through our wholly owned subsidiary, Shriram Automall India Limited, we are developing hubs across India called Automalls which are aimed at providing a fee-based facilitation services for the sale of pre-owned commercial vehicles, construction and other equipment and auction pre-owned commercial vehicles, as well as commercial vehicles repossessed by financing companies. Our Automalls serve as a one-stop shop catering to the various needs of commercial vehicle and equipment users, banks, NBFCs and other lenders who wish to dispose of repossessed assets, automobile and equipment dealers and manufacturers. As of 30 September 2016, we had 61 operational Automalls, where we currently are providing fee-based services to facilitate the sale of pre-owned commercial

vehicles and equipment. We provide valuation services and end-to-end “refurbishing” services relating to automobiles and equipment at our Automalls. We work in close alliance with various banks and financial institutions, vehicle and equipment users, manufacturers, and dealers to consolidate and develop our Automall business to cater to their specific requirements.

We believe our Automalls create a market for pre-owned trucks in an organised and transparent manner, which:

- results in fee-based income;
- offers lending opportunities to our Company;
- eases liquidation of assets repossessed by our Company; and
- enables us to institutionalise valuation practices and create valuation benchmarks.

#### ***Optimise funding costs***

We believe we can increase our profitability by optimising our funding costs. This would include use of new products available to us in the international capital markets, including through the issue of the Notes, as well as ensuring that we favourably match our short-term and long-term sources of funds with their deployment. We have a diversified source for funding which comprises of capital market instruments, bank borrowings with a lender base of 65 banks and institutions, securitisation and retail borrowings. Our portfolio qualifies for the priority sector advances for scheduled commercial banks (as investor in our securitised loans), which helps reduce our borrowing costs. We believe that our ability to diversify our resource profile will enable us to further optimise our funding cost.

#### ***Cross-sell our product portfolio***

By offering additional downstream products, such as ancillary loans and freight bill discounting, we maintain contact with the customer throughout the product lifecycle and increase our revenues. We believe the relationships we have developed with our customers provide us with opportunities for repeat business and to cross-sell our other products and products of our affiliates. We seek to continue consolidating our product portfolio so as to create greater synergies with our primary business of commercial vehicle financing.

#### ***Continue to implement advanced processes and systems***

Our information technology strategy is designed to increase our operational and managerial efficiency. We aim to increasingly use technology in streamlining our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We aim to continue to implement technology-led processing systems to make our appraisal and collection processes more efficient, to facilitate rapid delivery of credit to our customers and to augment the benefits of our relationship-based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities.

## SUMMARY OF THE OFFERING

**This Summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference.**

Words and expressions defined in “*Conditions of the Notes*” shall have the same meanings in this Summary.

<b>Issuer:</b>	Shriram Transport Finance Company Limited.
<b>The Notes:</b>	₹4,750,000,000 8.25 per cent. Senior Secured Notes due 2020 payable in U.S. dollars (the <b>Notes</b> ).
<b>Arranger:</b>	Credit Suisse (Singapore) Limited.
<b>Trustee:</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Security Trustee:</b>	Axis Trustee Services Limited.
<b>Issue Price:</b>	100.00 per cent. of the aggregate principal amount of the Notes.
<b>Issue Date:</b>	18 January 2017.
<b>Interest:</b>	The Notes will bear interest from, and including 18 January 2017 at the rate of 8.25 per cent. per annum, payable annually in equal instalments (with the exception of the last payment date) in arrear on 18 January 2018, 18 January 2019 and 18 January 2020 and the last payment in the amount of ₹32,656,250 (representing one month’s interest on the total principal amount of ₹4,750,000,000) shall be made on 18 February 2020 as further described in Condition 5 of the Conditions of the Notes.
<b>Denomination:</b>	₹10,000,000 and integral multiples of ₹10,000,000 in excess thereof.
<b>Maturity Date of the Notes:</b>	18 February 2020.
<b>Status of the Notes:</b>	The Notes constitute direct and unconditional obligations of the Issuer, which are secured in the manner provided in the Conditions, and (subject as provided in the Conditions) rank and will rank <i>pari passu</i> , without any preference among themselves, with all other outstanding secured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

**Security:**

The obligations of the Issuer under, or in connection with, the Notes and the Transaction Documents are secured by way of an exclusive fixed charge over certain specified accounts receivable of the Issuer in favour of the Security Trustee (for itself, the Trustee and the Noteholders (together, the **Secured Parties**)), pursuant to a deed of hypothecation and a power of attorney (together, as may be amended or supplemented from time to time as set forth below, the **Security Documents**). The Issuer will make all filings necessary to perfect the security interest over specified accounts receivable within 15 days of the Issue Date or, subject to the agreement of the Security Trustee at the request of the Issuer, within 30 days of the Issue Date.

To maintain the Security Cover Ratio (as defined in the Conditions), the Issuer will (i) provide a list of specified accounts receivable to the Security Trustee no later than the fifteenth business day following the end of each of the Issuer's financial quarters until the Notes are repaid in full; (ii) execute a supplemental deed of hypothecation in favour of the Security Trustee within 15 Business Days following the end of each of the Issuer's financial quarters to secure the accounts receivable set out in each list by way of an exclusive fixed charge; (iii) and will make all necessary filings with the relevant Indian Registrar of Companies to perfect such security interest over specified accounts receivable within 15 days of the execution of such supplemental deed of hypothecation or, subject to the agreement of the Security Trustee at the request of the Issuer, within 30 days of the execution of such supplemental deed of hypothecation.

The property specified in above, together with any other property or assets held by and/or charged in favour of and/or assigned to the Security Trustee (for itself and the other Secured Parties (subject as provided in the Conditions and the Transaction Documents)) pursuant to the Security Documents and/or any deed or document supplemental thereto is referred to in the Conditions as the **Secured Property**, and the security created thereby is referred to as the **Security**.

**Limitation on Restricted Payments:**

The Issuer will not pay or make any dividend as described in Condition 4.6 of the Conditions.

**Covenants:**

So long as any of the Notes remain outstanding, the Issuer shall ensure that:

- (a) its capital adequacy ratio, as calculated in accordance with the requirements of the Reserve Bank of India (the **RBI**) in effect from time to time, is at all times maintained at a level that complies with the RBI requirements in effect from time to time;

- (b) its net non-performing asset ratio, as calculated in accordance with the Non Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as stipulated by the RBI, is at all times maintained at a level equal to or less than (i) 4.0 per cent. based on a 120-day delinquency period from the Issue Date to 31 March 2018 and (ii) 5.0 per cent. based on a 90-day delinquency period, from 1 April 2018 until the maturity date of the Notes (the **Asset Quality**);
- (c) subject to (e) below, its Security Coverage Ratio (as defined below) is at all times at a level equal or greater to 1.0 to 1.0;
- (d) subject to (e) below, the Security will at all times consist of Standard Assets (as defined below); and
- (e) in respect of any of its International Investment Securities it issues after the date of the issue of the Notes, the Security Coverage Ratio for the Notes and the asset quality of the Security will be at least the same as that for such International Investment Securities.

**Reporting:**

The Issuer has agreed in the Trust Deed that for so long as any Notes remain outstanding, the Issuer will deliver to the Trustee, as soon as practicable but in any event not more than 10 calendar days after they are filed with the National Stock Exchange of India Limited (**NSE**) and BSE Limited (**BSE**) or any other recognised exchange on which the Issuer's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; provided that if at any time the Capital Stock of the Issuer ceases to be listed for trading on a recognised exchange, the Issuer will deliver to the Trustee:

- (a) as soon as practicable, but in any event within 90 calendar days after the end of the fiscal year of the Issuer, copies of its financial statements (on a consolidated basis and in the English language) that the Issuer would have filed with the NSE and BSE if the Capital Stock of the Issuer was listed for trading on such stock exchange in respect of such financial year audited by an eligible qualified chartered accountant recognised by the Institute of Chartered Accountants of India (the **ICAI**); and
- (b) as soon as practicable, but in any event within 60 calendar days after the end of each of the first, second and third fiscal quarters of the Issuer, copies of its unaudited financial results (on an unconsolidated basis and in the English language) that the Issuer would have filed with the NSE and BSE if the Capital Stock of the Issuer was listed for trading on such stock exchange in respect of such quarterly period prepared on a basis consistent with the audited financial statements of the Issuer and reviewed by an eligible qualified chartered accountant recognised by the ICAI.

**Redemption for Taxation  
Reasons:**

The Issuer may redeem all (but not some only) of the Notes in the event of certain changes in Indian tax law. See Condition 7.2 of the Conditions of the Notes.

*(Note: RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the maturity date and such approval may not be forthcoming.)*

**Events of Default:**

Events of Default under the Notes include, among others, non-payment of principal or interest, breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), cross default of any Indebtedness for borrowed money (as defined in the Condition of the Notes), certain events related to insolvency or winding up of the Issuer or any Principal Subsidiary and other events, each as described in Condition 10 of the Conditions of the Notes.

*(Note: RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the maturity date and such approval may not be forthcoming.)*

**Meetings of Noteholders:**

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

**Modification, Waiver  
Authorisation and  
Determination:**

The Trustee may agree, or (in the case of the Security Documents) direct the Security Trustee to agree, without the consent of the Noteholders (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Transaction Documents, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or proven error or to comply with mandatory provisions of law., in the circumstances described in Condition 15.2 of the Conditions of the Notes.

**Withholding Tax and Additional  
Amounts:**

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in India upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as described in Condition 8 of the Conditions of the Notes.

**Listing and Admission to Trading:**

Application will be made for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes.

The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

The Security Documents are governed by, and shall be construed in accordance with, Indian law.

**Form of the Notes:**

The Notes will be in registered form and will be initially represented by a Global Certificate which on the Issue Date will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg.

**Credit Ratings:**

The Notes have been rated BB+ by S&P. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including, United Kingdom, India, Hong Kong and Singapore) only in compliance with applicable laws and regulations. See “*Subscription and Sale*” below.

**Use of Proceeds:**

The gross proceeds of the issue of the Notes, after meeting Notes issuance expenses, will be applied by our Company for our various financing activities, including lending and investments, repayment of our existing loans and for business operations, including capital expenditure and working capital requirements as permitted under the RBI’s “Master Direction — External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers” dated 1 January 2016, as amended from time to time (the **ECB Guidelines**) and other RBI regulations governing us as an NBFC.

**ISIN:**

XS 1549374475

**Common Code:**

154937447

## RISK FACTORS

*This Offering Circular contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Circular before making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of our Company and the terms of the offering of the Notes. The risks described below are not the only ones faced by our Company or investments in India in general. Our Company's business, prospects, financial condition, cash flows and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect our Company's ability to make payment on the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not presently known to our Company or that our Company currently deem immaterial may also impair their respective business, prospects, financial condition, cash flows and results of operations.*

### **Risks relating to our Company and its Business**

***Our financial performance is highly sensitive to interest rate volatility.***

Our results of operations are substantially dependent upon the level of our net interest margins. Income from operations is the largest component of our total income, and constituted 99.96 per cent. and 99.98 per cent. of our total income on an unconsolidated basis in fiscal 2016 and six months period ended 30 September 2016, respectively. As of 31 March 2016, our assets under financing activities (net of securitisation and assignment) were ₹625,403.33 million on an unconsolidated basis. We provide loans at fixed rates of interest. As of 30 September 2016, our hypothecation loans amounted to ₹620,955.57 million. Hypothecation loans refers to loans given against the hypothecation/pledging of an asset. We borrow funds on both fixed and floating rates. As of 30 September 2016, approximately 61.23 per cent. of our borrowings were at fixed rates and 38.77 per cent. were at floating interest rates on an unconsolidated basis. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates, amounts and for periods which may differ from our funding sources. Volatility in interest rates can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Additional risks arising from increasing interest rates, among others, include:

- increases in the rates of interest charged on various loans in our loan portfolio, which could result in the extension of loan maturities and higher monthly instalments due from borrowers which, in turn, could result in higher rates of default;
- reductions in the volume of commercial vehicle loans as a result of clients' inability to service high interest rate payments; and
- reduction in the value of fixed income securities held in our investment portfolio.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. Difficult conditions in the global and Indian economy can affect the availability of credit.

***Our business requires raising substantial capital through borrowings and any disruption in funding sources would have a material adverse effect on our liquidity, financial condition and/or cash flows.***

As an asset finance company, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. As of 30 September 2016, 81.21 per cent. of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 18.79 per cent. consisted of funds raised through retail borrowings on an unconsolidated basis. Our funding requirements are predominantly met through term loans from banks (including cash credit), the issue of redeemable non-convertible debentures and fixed deposits, which constituted 36.71 per cent., 36.67 per cent. and 16.14 per cent. of our total borrowings, respectively, as of 30 September 2016 on an unconsolidated basis. Our credit providers include nationalised banks, private Indian banks and foreign banks and we also rely on retail investors. Our business, therefore, depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs and our current and future results of operations and financial condition. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Any such disruption in our ability to access primary funding sources at competitive costs and would have a material adverse effect on our liquidity, financial condition and/or cash flows.

***If we are unable to manage the level of non-performing assets (NPAs) in our loan portfolio, our financial position, results of operations and cash flows may suffer.***

Our gross NPAs have increased from ₹18,941.39 million as of 31 March 2015, to ₹38,702.38 million as of 31 March 2016 and to ₹42,420.35 million as on 30 September 2016 and our net NPAs have increased from ₹3,791.21 million as of 31 March 2015, to ₹11,436.97 million as of 31 March 2016 and to ₹12,518.40 million as of 30 September 2016. Our gross NPAs as a percentage of total loan assets was 3.80 per cent., 6.19 per cent. and 6.59 per cent. as of 31 March 2015, 31 March 2016 and 30 September 2016 respectively, while our net NPAs as a percentage of net loan assets was 0.79 per cent., 1.91 per cent. and 2.04 per cent. as of 31 March 2015, 31 March 2016 and 30 September 2016, respectively. In addition, as a result of our merger with our wholly owned subsidiary, Shriram Equipment Finance Company Limited (SEFCL), we expect our NPAs to further increase.

We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs, or otherwise adequately control our level of NPAs in future. Recent RBI regulations have mandated a shorter time period for classifying assets as NPAs. Pursuant to these new RBI regulations, we must decrease the time period for classifying our assets as NPAs from 180 days to 150 days in March 2016, and decrease it further to 120 days in March 2017 and to 90 days in March 2018. We expect the effect of these new regulations will result in an increase in our gross NPAs. Moreover, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments.

In addition, in certain cases where a customer has delayed payments but has demonstrated an ability to continue servicing the relevant loan, we generally do not enforce the security and seize the financed vehicle but we allow the loan to remain outstanding and continue without restructuring, which can adversely affect the position of our asset quality and NPA provisioning. There can also be no assurance that in such cases the customer would not continue to delay payments, which could adversely affect our profitability and cash flows.

If we are not able to control or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations and/or cash flows may be adversely affected. Furthermore, although we believe our current provisioning for NPAs is comparable with the industry standards, in future our provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any deterioration in our NPA portfolio, there could be an even greater adverse impact on our results of operations and/or cash flows.

***Our business is focused on commercial vehicle finance for new and pre-owned commercial vehicles and any adverse developments in this sector would adversely affect our results of operations.***

As we focus on providing financing for pre-owned and new commercial vehicles, our asset and NPA portfolios have, and will likely continue in the future to have, a high concentration of pre-owned and new commercial vehicle financing arrangements. As of 30 September 2016, our product portfolio for commercial vehicle financing comprised of 10.09 per cent. pre-owned, 89.86 per cent. new commercial vehicles and 0.05 per cent. other loans. Moreover, our customer base has, and will likely continue in the future to have, a high concentration of first time users (FTUs) and small road transport operators (SRTOs).

Our business is, therefore, entirely dependent on various factors that impact this customer segment such as the demand for transportation services in India, changes in Indian regulations and policies affecting pre-owned commercial vehicles, natural disasters and calamities, and macroeconomic environment in India and globally. Also, individual borrowers and FTUs and SRTOs generally are less financially resilient than larger corporate borrowers or fleet owners, and as a result, can be more adversely affected by declining economic conditions. Such factors may result in a decline in the sales or value of new and pre-owned commercial vehicles. Therefore, the demand for finance for pre-owned and new commercial vehicles may decline, which in turn may adversely affect our financial condition, the results of our operations and/or cash flows. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the aforesaid factors.

Our business is not diversified and any factor which adversely impacts our customer segment may have a disproportionate impact on our operations, profitability and/or cash flows.

***High levels of customer defaults could adversely affect our business, financial condition, results of operations and/or cash flows.***

Our primary business involves lending money to commercial vehicle owners and operators in India, and we are subject to customer default risks including default or delay in repayment of principal or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition, results of operations and/or cash flows will be adversely impacted.

In addition, our customer portfolio principally consists of SRTOs and FTUs who lack banking habits and individual borrowers generally are less financially resilient than larger corporate borrowers and as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of our client base belongs to the low income group. The owners and/or operators of commercial vehicles we finance often do not have any credit history supported by tax returns and other related documents which would enable us to assess their creditworthiness. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nationwide credit bureau covering our customers does not exist, so there is less financial information available about the creditworthiness of individuals, particularly our client segment that is mainly from the low income group and who typically has limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on our clients. Although we follow certain procedures to evaluate the credit profile of our customers at the time of sanctioning a loan, we generally rely on the referrals from the local trucking community and value of the commercial vehicle provided as underlying collateral rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they

will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations, financial condition and/or cash flows.

***We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.***

As a security interest for the financing facilities provided by us to our customers, the vehicles purchased by our customers are hypothecated in our favour. The value of the vehicle, however, is subject to depreciation, deterioration, and/or reduction in value on account of other extraneous reasons, over the course of time. Consequently, the realisable value of the collateral for the credit facility provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. Furthermore, in the case of a default, we may repossess the commercial vehicles financed and sell such vehicles. The hypothecated vehicles, being movable property, may be difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such vehicles provided as collateral at prices sufficient to cover the amounts under default. In addition, there may be delays associated with such processes. A failure or delay to recover the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition, results of operations and/or cash flows. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. The recovery of monies from defaulting customers may be further compounded by the fact that we do not generally insist on, or receive post dated cheques as security towards the timely repayment of dues from customers to whom we have provided loans. Further if we are unable to sell any repossessed vehicles provided as security for such loans at commercially favourable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed vehicles and our operations, cash flows and profitability could be adversely affected.

***Our Company is involved in certain legal proceedings including in relation to certain legislation relating to “money lending” activities which, if determined against us, could have a material adverse effect on our goodwill, financial condition, results of operations and cash flows.***

Our Company is currently involved in a number of legal proceedings arising in the ordinary course of our business. These proceedings are pending at different levels of adjudication before various courts and tribunals, primarily relating to civil suits and tax disputes.

The Company has filed an appeal before the Supreme Court of India in connection with a writ petition filed by our Company challenging the action of the Commissioner of Commercial Taxes, Kerala, directing our Company to register under the provisions of the Kerala Money Lenders Act, 1958. Further, our Company has filed a writ petition against the State of Karnataka before the High Court of Karnataka, *inter alia*, seeking a declaration that the provisions of the Karnataka Money Lenders Act, 1961 and the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004, do not apply to our Company.

There can be no assurance that these proceedings will not be determined adversely to us or that penal or other action will not be taken against our Company and/or any senior management party to such proceedings. In the event of any adverse ruling, our Company may be required to register as a money lending entity and will be required to comply with the provisions of such legislation within the relevant States and similar regulatory authorities in other States in India where we currently carry on business or propose to carry on business in the future, including imposition of caps on the interest rates which can be charged by our Company. If we are required to comply with such interest rate limits or any other conditions specified under such legislation, our interest income and net interest margin may be adversely impacted as well as the conduct of our operations.

For further information relating to such proceedings, see “*Legal Proceedings*” on page 108 of this Offering Circular.

***A large part of our collections are in cash and consequently we face the risk of misappropriation or fraud by our employees.***

A significant portion of our collections from our customers is in cash. Large cash collections expose us to the risk of fraud, misappropriation or unauthorised transactions by our employees responsible for dealing with such cash collections. While we have taken insurance policies and coverage for cash in safes and in transit, and undertake measures to detect and prevent any unauthorised transaction, fraud or misappropriation by our representatives and officers, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations, profitability and/or cash flows. Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

***Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire.***

As of 30 September 2016, we had unconsolidated outstanding secured debt (gross of unamortised discount of ₹0.02 million (U.S.\$0.00 million) of ₹398,014.80 million (U.S.\$5,970.85 million) and unconsolidated unsecured debt of ₹120,265.72 million (U.S.\$1,804.18 million). As of 31 March 2016, we had an unconsolidated outstanding secured debt (gross of unamortised discount of ₹2.78 million) of ₹382,135.61 million and unconsolidated unsecured debt of ₹115,774.22 million. We will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our immovable, movable and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness are at variable interest rates;
- there could be a material adverse effect on our business, financial condition, results of operations and/or cash flows if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions. Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge; and raising funds by

way of any fresh capital issue. Our financing agreements also typically contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios, debt-to-net worth ratios, or Tier I to Tier II capital ratios that may be higher than statutory or regulatory requirements. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect our business, credit rating, financial condition, results of operations and/or cash flows.

***If the performance of our portfolios relating to various credit and financing facilities deteriorates, our business, financial condition, results of operations and/or cash flows may be adversely affected.***

We have in the past acquired, and may in the future continue to acquire, portfolios relating to various credit and financing facilities from various originators including banks and other institutions, in the ordinary course of our business.

There can be no assurance that we will not experience any deterioration in the performance of any loan portfolio acquired by us or that may be acquired by us in the future. Any deterioration in such loan portfolios acquired by us, and an inability to seek recourse against loan portfolio originators, or otherwise recover the investments made in connection with the acquisition of such loan portfolios, would adversely impact our earnings realised from such loan portfolios and may adversely affect our business, financial condition and results of operations.

***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

We primarily provide vehicle finance loans to FTUs and SRTOs. Our primary competition historically has been private unorganised financiers who principally operate in the local market. However, the significant growth in the commercial vehicle finance segment in recent periods has resulted in various banks and non-banking finance companies (NBFC) increasing their focus on this sector, particularly for new commercial vehicle finance. In addition, interest rate deregulation and other liberalisation measures affecting the commercial vehicle finance sector, together with increased demand for capital by FTUs and SRTOs, have resulted in an increase in competition.

All of these factors have resulted in our facing increased competition from other lenders in the commercial vehicle finance sector, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the commercial vehicle finance sector, vehicle finance products are becoming increasingly standardised and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the commercial vehicle finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive commercial vehicle finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and if we are unable to compete successfully, our market share may decline.

If we are unable to compete effectively with other participants in the commercial vehicle finance or equipment finance sectors, our business, future financial performance and the trading price of the Notes may be adversely affected.

***We may not be able to successfully sustain our growth strategy.***

In recent years, we have experienced substantial growth. Our growth strategy includes growing our branch network and presence in rural centres. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our branch network and presence too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face a number of operational risks in executing our growth strategy. We have experienced rapid growth in our commercial vehicle finance business, our branch network has expanded significantly, and we are entering into new, smaller towns and cities within India as part of our growth strategy. Our rapid growth exposes us to a wide range of increased risks, including business risks, such as the possibility that a number of our impaired loans may grow faster than anticipated, as well as operational risks, fraud risks and regulatory and legal risks. It will also place significant demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

***We may not be able to successfully diversify our product portfolio.***

We intend to consolidate and expand our product portfolio as part of our growth strategy. As of 31 March 2016, our assets under management product portfolio comprised heavy commercial vehicles, light commercial vehicles, passenger vehicles, tractors, equipment finance and other loans, which constituted 46.35 per cent., 19.93 per cent., 23.06 per cent., 5.35 per cent., 2.24 per cent. and 3.07 per cent., respectively, of our total assets under management. For example, we have developed pre-owned commercial vehicle and construction equipment hubs under our brand, “Automalls,” through our wholly owned subsidiary Shriram Automall India Limited, designed to provide fee-based facilitation services for the sale of pre-owned commercial vehicles as well as commercial vehicles repossessed by financing companies along with showrooms for branded new and refurbished pre-owned commercial vehicles.

We cannot assure that such diversification or expansion of operations will in future yield and/or continue to yield favourable or expected results, as our overall profitability and success will be subject to various factors, including, among others, our ability to obtain necessary statutory and/or regulatory approvals and licences in connection with such proposed business as well as necessary premises for Automall operations in a timely manner, our ability to effectively recruit, retain and motivate appropriate managerial talent and ability to compete with banks and other NBFCs that are already well established in this market segment, as well as our ability to effectively absorb additional infrastructure costs. There can also be no assurance that our Automalls will be successful in creating additional sources of business for our financial products.

Our growth strategy will require significant capital investments and commitments of time from our senior management and there also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Our inability to effectively manage any of these issues could materially and adversely affect our business and impact our future financial performance and/or cash flows.

***Our loan portfolio may no longer continue to be classified as priority sector advances by the RBI.***

The RBI currently mandates commercial banks operating in India, including foreign banks with more than 20 branches in India to maintain an aggregate 40.0 per cent. of adjusted net bank credit or credit equivalent amount of off-balance-sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises (including SRTOs, which constitute the largest proportion of our loan portfolio), micro enterprises within the micro and small enterprises sector, export credit, advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions like us that are better positioned to or exclusively focus on originating such assets through on-lending or purchase of assets or securitised and assigned pools to comply with these targets.

In the event that any part of our loan portfolio is no longer classified as a priority sector advance by the RBI, or if the laws relating to priority sector lending as applicable to the banks undergo a change, our ability to securitise our asset pool will be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

***We may experience difficulties in expanding our business into new regions and markets in India.***

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete not only with other banks and financial institutions but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with customers.

If we plan to expand our geographical footprint, our business may be exposed to various additional challenges, including: obtaining necessary governmental approvals; identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India; and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions, results of operations and/or cash flows.

***Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.***

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. In relation to our long-term debt instruments, as of 30 September 2016, in relation to our subordinate debt programme, we have ratings of “CARE AA+” from CARE and “CRISIL AA+/Stable” from CRISIL. In relation to fixed deposits, we currently have ratings of “CRISIL FAAA/Stable” from CRISIL and “MAA+ with Stable Outlook” from ICRA. In relation to our short-term debt instruments, we have also received short term ratings of “CRISIL A1+”

from CRISIL and for our long-term debt instruments, we received long-term ratings of ‘CARE AA+’ from CARE, ‘IND AA+/Stable’ from India Ratings and Research and ‘CRISIL AA+/Stable’ from CRISIL. The Notes have been rated BB+. Our credit rating by CRISIL indicates a high degree of safety regarding timely servicing of financial obligations and carrying very low credit risk. Our credit rating by CARE indicates a high degree of safety regarding timely servicing of financial obligations and carrying very low credit risk.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. The ratings provided by CRISIL and/or CARE may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Any such adverse development could adversely affect our business, financial condition, results of operations and/or cash flows.

***If we are unable to successfully expand, maintain or leverage our partnership arrangements with private financiers involved in commercial vehicle financing, our business prospects, results of operations, financial conditions and/or cash flows may be adversely affected.***

Our partnership and co-financing arrangements with private financiers involved in commercial vehicle financing across India is an integral part of our growth strategy. We enter into strategic partnership agreements with private financiers ranging from individual financiers and small local private financiers, including other NBFCs, to capitalise on their local knowledge, infrastructure and personnel base of our partners in order to source new customers. Our co-financing arrangements include various revenue-sharing arrangements at pre-determined amounts. For further information on our co-financing arrangements, see “*Our Business — Our Operations — Customer Origination — Partnership and Co-Financing Arrangements with Private Financiers*”.

There can be no assurance that our partners will comply with the procedural and other conditions specified by us in connection with our arrangements with them in the context of customer origination, credit appraisal process, loan administration and monitoring and any loan recovery processes, or that our partners will not act in any manner that could adversely affect our reputation, brand, customer relationships or business interests. For example, we have in the past experienced certain instances of fraud by certain of our partners. There can also be no assurance that we will be able to leverage and benefit from our partnership arrangements to effectively source a sufficient volume of new customers and business commensurate to the revenue-sharing and other incentives provided to our partners under our arrangements with them.

In addition, we may not be able to identify suitable private financiers in the future with whom we can successfully partner through such arrangements, or in joint marketing and customer support activities, and there can be no assurance that we will be able to ensure any level of success with such partnership arrangements for any sustained period of time. Furthermore, there can be no assurance that there will not be any dispute with such partners in the future. If we are unable to successfully expand, maintain or leverage our partnership arrangements and relationship with our partners, our business prospects, results of operations, financial conditions and/or cash flows may be adversely affected.

***A decline in our capital adequacy ratio could restrict our future business growth.***

All deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, of not less than 15 per cent. of its aggregate risk-weighted assets on balance sheet and risk-adjusted value of off-balance sheet items. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 17.44 per cent. and 17.56 per cent. as of 30 September 2016 and 31 March 2016, respectively, with Tier I capital comprising 15.28 per cent. and 14.71 per cent., respectively. If we continue to grow our loan portfolio and asset base, we will be required to raise

additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all, and this may adversely affect the growth of our business.

***As part of our business strategy we assign or securitise a substantial portion of our loan assets to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned or securitised to banks and other institutions may adversely impact our financial performance and/or cash flows.***

As part of our means of raising and/or managing our funds, we assign or securitise a substantial portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitisation transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In fiscal 2014, 2015 and 2016, our securitised and assigned assets at book value was ₹106,795.48 million, ₹44,814.25 million and ₹89,917.52 million, respectively. Any change in statutory and/or regulatory requirements in relation to assignments or securitisations by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment or securitisation transactions. Any adverse changes in the policy and/or regulations in connection with securitisation of assets by NBFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting NBFCs or the purchasers of assets, would affect the securitisation market in general and our ability to securitise and/or assign our assets.

The aggregate credit enhancement amount outstanding as of 30 September 2016 and 31 March 2016 was ₹21,681.56 million and ₹20,085.69 million, respectively. For such transactions, in the event a relevant bank or institution does not realise the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement, which could have a material adverse effect on our results of operations, financial condition and/or cash flows.

***System failures or inadequacy and security breaches in computer systems may adversely affect our business.***

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security.

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our

operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the geographical areas in which we are located.

***We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads.***

Our business strategy involves a relatively high level of on-going interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of costs and also requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations and/or cash flows.

***We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations, profitability and/or cash flows.***

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial paper. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations, financial performance and/or cash flows. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

***We have certain contingent liabilities which may adversely affect our financial condition.***

As of 30 September 2016, we had certain contingent liabilities not provided for, which included a contingent liability as per accounting standard 29 in respect of income tax demands where the Company has filed an appeal before various authorities of ₹1,428.44 million on an unconsolidated basis, VAT demand where the Company has filed appeal before various authorities aggregating ₹999.07 million, guarantees given for subsidiaries for ₹20.00 million, a service tax liability pertaining to a hire purchase/lease for ₹1,283.39 million and guarantees and counter guarantees given totalling ₹15,835.18 million (including guarantees of ₹6,500.00 million given in favour of debenture trustee on behalf of the holders of non-convertible debentures issued by a public limited company). In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

***Inaccurate appraisal of credit may adversely impact our business.***

We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

***Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and vehicle finance sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

***Our Promoter, Shriram Capital Limited (SCL or the Promoter), beneficially owns more than 25.00 per cent. of our equity share capital and accordingly has the ability to exercise significant influence over the outcome of matters submitted to shareholders for approval, and their interests may differ from those of other holders of the Notes.***

As of 31 December 2016, our Promoter beneficially owned 26.08 per cent. of our equity share capital. See “*Capital Structure*”. Accordingly, our Promoter has the ability to significantly influence the outcome of matters submitted to shareholders for approval *inter alia* including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of directors. This could delay, defer or prevent or impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company’s best interest. In addition, for so long as our Promoter continues to exercise significant influence over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of the Noteholders. The Promoter group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

***We have entered into certain related party transactions.***

We have entered into transactions with related parties, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006. These transactions include a licence fee paid to Shriram Ownership Trust (SOT) pursuant to the Licence Agreement (as further described in “*Business — Our Company’s Operations — Intellectual Property*”). For further information on our related party transactions, within the meaning of Accounting Standard 18 as notified by the Companies (Accounting Standards) Rules, please see the section titled “*Selected Financial Information*”. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

***Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could adversely affect our results of operations, business prospects and/or cash flows.***

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business. In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. We may not fully realise all of the

anticipated benefits of any such transaction within the anticipated timeframe or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations, may result in significant costs and expenses and charges to earnings. The challenges involved in integration include:

- combining product offerings and entering into new markets in which we are not experienced;
- consolidating and maintaining relationships with customers;
- consolidating and rationalising transaction processes and corporate and information technology infrastructure;
- integrating employees and managing employee issues;
- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from infrastructure integration; and
- managing other business, infrastructure and operational integration issues.

***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the commercial vehicle finance sector can be intense. While we have an incentive structure and an employee stock option scheme designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance and/or cash flows.

***Most of the properties used by our Company are occupied by our Company on lease and/or as shared office space. Any termination or failure to renew the lease(s) or the other agreements in connection with such properties or our failure to renew the same in a timely manner or at all, could adversely affect our activities.***

Currently, most of the properties used by our Company for the purposes of our business activities, including the premises where the registered office of our Company is located, are not owned by us.

Termination of leases or other relevant agreements in connection with such properties which are not owned by us or our failure to renew the same, on favourable conditions, in a timely manner, or at all, could require us to vacate such premises at short notice, could adversely affect our operations, financial condition and profitability.

***We are exposed to fluctuations in the market values of our investment and other asset portfolio.***

Deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could negatively impact our financial condition and reported income.

***Being in the service industry, our operations may be adversely affected if we are unable to attract and retain qualified employees or if relations with employees deteriorate.***

As of 30 September 2016, we employed 17,162 full-time employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

***Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.***

We require certain statutory and/or regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner or at all, and/or on favourable terms and conditions. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

***We are subject to supervision and regulation by the RBI and other regulatory authorities in India, and changes in regulations governing us could adversely affect our business.***

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector.

We are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. The RBI, from time to time, amends the regulatory framework governing NBFCs to address, among others, concerns arising from certain divergent regulatory requirements for banks and NBFCs. For further information relating to the regulations and guidelines applicable to us, see "*Regulation and Policies in India*".

The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, securitisation, investments, ethical issues, money laundering and privacy. In some cases, there are

overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, compliance with many of the regulations applicable to our operations may involve significant costs and otherwise may impose restrictions on our operations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing our Company and its operations will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

***Any changes in the statutory and/or regulatory requirements in connection with taxation could adversely affect our operations, profitability and cash flows.***

The operations, profitability and cash flows could be adversely affected by any unfavourable changes in central and state-level statutory and/or regulatory requirements in connection with direct and indirect taxes and duties, including income tax, value added tax and service tax, and/or by any unfavourable interpretation taken by the relevant taxation authorities and/or courts and tribunals. For instance, in the state of Kerala, the value added tax regime was recently amended to bring the sale of repossessed stock by banks/financial institutions under the purview of value added taxes. If such amendments are brought about in the state laws relating to value added taxes of other states, our repossessed assets could be viewed to be subject to additional value added taxes, which could adversely affect our operations, profitability and cash flows.

Further, the Government of India has proposed two major reforms in Indian tax laws, namely the goods and services tax, and provisions relating to general anti-avoidance rules (**GAAR**).

The draft bill on goods and services tax was introduced in the December 2014 and as on date of this Offering Circular, has been passed by both houses of the Parliament. The goods and services tax would replace the indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise, which as of the date of this Offering Circular is being collected by the central and state governments. As regards to GAAR, the provisions introduced by the Finance Act, 2012 are scheduled to come into effect from 1 April 2017. The GAAR provisions are intended to catch arrangements declared as “impermissible avoidance arrangements”, which is defined in the Finance Act, 2012 as any arrangement, the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm’s length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an “impermissible avoidance agreement” is on the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty. As the taxation system is intended to undergo a significant overhaul, the consequential effects on us cannot be determined as of now and there can be no assurance that such effects would not adversely affect the our business, future financial performance and the trading price of the Notes.

***Our insurance coverage may not adequately protect us against losses.***

We maintain such insurance coverage as we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

***We have regional concentration in southern India and western India, and therefore are dependent on the general economic conditions and activities in these areas.***

We have a significant presence in south and west India. As of 31 March 2016, our assets under management in south and west India comprised 45.67 per cent. and 33.25 per cent. of our total assets under management, respectively. Our concentration in the southern and western states exposes us to any adverse geological, ecological, economic and/or political circumstances in that region. If there is a sustained downturn in the economy of south India or west India, or a sustained change in consumer preferences in those regions, our financial position may be adversely affected.

***New product/services offered by us may not be successful.***

We introduce new products/services to explore new business opportunities from time to time. We cannot assure that all our new products/services and/or business ventures will gain customer acceptance and this may result in our inability to recover pre-operative expenses and launch costs. Further, our inability to offer new products/services or grow in new business areas could adversely affect our business and financial performance.

***We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. In the course of our operations, we run the risk of failing to comply with the prescribed Know Your Customer (KYC) procedures and the consequent risk of fraud and money laundering by dishonest customers, despite putting in place systems and controls to prevent the occurrence of these risks. In certain of our activities and in our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness, despite having a Board-approved customer suitability policy and associated processes in place. Such incidents may adversely affect our business and our reputation.

***Increase in competition from our peer group in the commercial vehicle finance sector may result in reduction of our market share, which in turn may adversely affect our profitability.***

Our Company provides loans to pre-owned and new commercial vehicle owners and/or operators in suburban and rural areas in India. We have been increasingly facing competition from domestic and foreign banks and NBFCs operating in the commercial vehicle finance segment of the industry. Some of our competitors are very aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our

financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

***We depend on our brand reputation and our failure to maintain our product image could have a material adverse effect on our business, financial condition and results of operations.***

We believe that the reputation of our brand among customers as a reliable company has contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our products are, therefore, critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our product image. These factors include our ability to maintain the reliability and quality of the services we offer and increase product awareness through investment in brand building initiatives, including through education programs and marketing activities. A public perception that we do not provide satisfactory products, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our products, undermine the trust and credibility we have established and have a negative impact on our ability to attract new consumers or retain our current consumers.

### **Risks Relating to India**

***Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have a direct impact on our operations and profitability.***

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The quantum of our disbursements is driven by the growth in demand for commercial vehicles. Any slowdown in the Indian economy may have a direct impact on our disbursements and a slowdown in the economy as a whole can increase the level of defaults thereby adversely impacting our Company's profitability, the quality of its portfolio and growth plans.

***Political instability could delay further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact our business.***

Since 1991, the Government has pursued a policy of economic liberalisation, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalisation policies will continue in the future as well. The rate of economic liberalisation could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant slowdown in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India, thus affecting our business. Any political instability in the country, including any change in the Government, could materially impact our business adversely.

***Civil unrest, terrorist attacks and war would affect our business.***

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the United States of America, the United Kingdom, Singapore and the European Union, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. Also, some of India's neighbouring countries have experienced, or are currently experiencing internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Notes.

***Our business may be adversely impacted by natural calamities or unfavourable climatic changes.***

India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu. These economies could be affected by the extent and severity of such natural disasters and pandemics which could in turn affect the financial services sector of which our Company is a part. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our Notes.

***Any downgrading of India's sovereign rating by an international rating agency(ies) may affect our business and our liquidity to a great extent.***

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

***Global economic instability or slowdown is likely to adversely affect our business and our results of operations.***

Economic developments outside India have adversely affected the economy. Our business is affected by domestic and international economic conditions, including rates of economic growth and the impact that such economic conditions have on consumer spending. The current economic downturn has led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally and the referendum passed on 23 June 2016 for the United Kingdom to leave the European Union may enhance market volatility. The resulting economic pressure and dampened consumer sentiment may adversely affect our business and our results of operations.

There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilise the markets or increase liquidity and the availability of credit. Continuation or worsening of this downturn or general economic conditions may have an adverse effect on our business, liquidity and results of operations.

***Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, is currently 34.608 per cent. The central or state government may in the future further increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

***Trade deficits could adversely affect our business.***

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. In the fiscal year 2015, India experienced a trade deficit of U.S.\$144.2 billion,

reported by the RBI in its press release on “Developments in India’s Balance of Payments” dated 10 June 2015, which was a decrease from the trade deficit of U.S.\$147.6 billion in the fiscal year 2014. If trade deficits increase or are no longer manageable, the Indian economy, and therefore our business and our financial performance could be adversely affected.

***Financial difficulty and other problems in certain financial institutions in India could adversely affect our business.***

As an Indian NBFC, we are exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as “systemic risk”, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence could adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme.

***A decline in India’s foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.***

One of the direct adverse impact of the global financial crisis on India has been the reversal of capital inflows and a decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian Rupee *vis-à-vis* the U.S. dollar. Any increased intervention by the RBI in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India’s foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business and our future financial performance.

***Investors may have difficulty enforcing foreign judgments in India against our Company or our management.***

Our Company is a limited liability public company incorporated under the laws of India. Most of our Company’s directors and executive officers named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For further detail on recognition and enforcement of foreign judgments in India, please see “*Enforcement of Foreign Judgments in India*”. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to execute such a judgment or to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Issuer cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

***There may be less company information available in Indian securities markets than in securities markets in other more developed countries.***

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants, and that of markets in the United States and other more developed economies. The Securities and Exchange Board of India (SEBI) is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, investors may have access to less information about the business, results of operations and financial conditions, and those of the competitors that are listed on the Bombay Stock Exchange and the National Stock Exchange and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other more developed countries.

There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants than in certain Organisation for Economic Cooperation and Development (OECD) countries. The SEBI received statutory powers in 1992 to assist it in carrying out its responsibilities for improving disclosure and other regulatory standards for the Indian securities market. Subsequently, the SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. However, there may still be less publicly available information about Indian companies than is regularly made available by public companies in certain OECD countries.

***The effects of the adoption of the “Indian Accounting Standards converged with IFRS” (IND-AS) are uncertain.***

Our Company’s financial statements are prepared in accordance with the Indian GAAP. In January 2016, the Ministry of Corporate Affairs laid out a road map for implementation of IND-AS for scheduled commercial banks, insurance companies and NBFCs. NBFCs will be required to prepare IND-AS based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of ₹5 billion or more, including our Company, and their holding, subsidiary, joint venture or associate companies are required to prepare IND-AS based financial statements for accounting periods beginning from 1 April 2018 onwards with comparatives for the periods ending 31 March 2018 or thereafter. Under Phase II, NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and have a net worth less than ₹5 billion, NBFCs that are not listed and have a net worth of more than ₹2.5 billion but less than ₹5 billion, and their respective holding, subsidiary, joint venture or associate companies are required to prepare IND-AS based financial statements for accounting periods beginning from 1 April 2019 onwards with comparatives for the periods ending 31 March 2019 or thereafter. NBFCs that have a net worth below ₹2.5 billion shall continue to apply Accounting Standards specified in Annexure to Companies (Accounting Standards) Rules, 2006.

We may not be able to determine with a degree of certainty the impact of adoption of IND-AS on our financial reporting. There can be no assurance that our Company’s financial condition, results of operations, cash flows or changes in shareholders’ equity will not appear materially worse under IND-AS than under current Indian GAAP.

***Changes in legislation, including tax legislation, or policies applicable to our Company could adversely affect our Company’s results of operations.***

Our Company’s business and operations are governed by various laws and regulations. Our Company’s business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to the business. The Government or state governments could implement new regulations and policies, which could require our Company to obtain approvals and licenses from the government and other

regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our Company's business, prospects, financial condition and results of operations.

Our Company is subject to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI LODR Regulations**) that SEBI recently announced. The SEBI LODR Regulations have brought into effect changes to the framework governing listed companies, including the introduction of certain additional requirements such as disclosure of material events or information, and making prior notifications of certain proposals to raise funds. The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities vary, our Company may be subject to penalties and our business could be adversely affected.

In addition, to ensure compliance with the requirements of new legislation (such as tax laws, GAAR and the SEBI LODR Regulations), our Company may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

***The demonetisation of high denomination Indian currency notes could impact our business and financial performance.***

In November 2016, the Government demonetised ₹1,000.00 and ₹500.00 denomination currency notes, launched a revised ₹500.00 denomination and introduced a new ₹2,000.00 denomination in accordance with the Ministry of Finance's notification no. S.O. 3407 (E) dated 8 November 2016. This step was taken with the aim to curb the parallel economy and eliminate the use of counterfeit notes. The impact of the demonetisation on India's economic growth, credit demand, credit quality, liquidity and interest rates is uncertain.

Reliance on cash as a mode of payment is very high in India and a large portion of the population, especially the low income and rural-based population where accessibility to banking facilities are extremely limited, has appeared to be most affected by the demonetisation. In the short term, while the existing notes have been banned overnight and circulation of new notes is yet to spread widely across the nation, low income and rural-based population would be most affected. In addition, certain sectors and jobs that require frequent use of cash on a daily basis, including hospitals, households retail goods, roadside vendors, domestic workers, cab drivers, doctors, transporters, are also likely to face interim disruptions. For example, during the harvest season, farmers would face financial difficulties to pay daily wages to employees in smaller denominations and manage other farming expenses such as for the purchase of seeds and fertilisers, which could negatively affect the production process. With the slowdown in consumer spending due to limited availability of cash, the demand for agricultural produce is also likely to drop. Micro small and medium enterprises sector which is largely run by and caters to the low income and rural population could be similarly impacted. Within the NBFC sector, asset quality of lender with a large dependence on cash collection will remain vulnerable in the short term. In the long term, monetisation may lead to a shift in risk profile for the NBFCs as borrowers with strong credit profile could migrate to conventional banking systems. There could be near term disruptions in the collection cycles along with a sharp increase in over dues, which could put the NBFCs' liquidity and the disbursement cycles under pressure. The demonetisation of high denomination Indian currency notes could negatively impact our business and financial performance.

***Our Company's ability to raise foreign currency borrowings may be constrained by Indian law.***

As an Indian company, our Company is subject to regulatory approvals and exchange controls that regulate borrowing in foreign currencies. In addition, there can be no assurance that the required approvals, including from the RBI, will be granted to our Company for issuance of Notes, if at all. Such regulatory restrictions limit our Company's financing sources and hence could constrain our

Company's ability to obtain financing in a timely manner and on competitive terms and may adversely impact our Company's ability to refinance existing indebtedness. Limitations on raising foreign debt may have an adverse effect on our Company's business, financial condition and results of operations.

***The new bankruptcy code in India may affect our Company's right to pay back our creditors***

The Government introduced the Insolvency and Bankruptcy Code 2016 (the "Code"), which passed both houses of Parliament and received Presidential assent in 2016. Currently, there are multiple overlapping laws and adjudicating forums dealing with bankruptcy and insolvency of companies and individuals in India. The Code offers a uniform, comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for the revival or a speedy liquidation of the debtor. The Code creates a new institutional framework consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms that is expected to facilitate a formal and time-bound insolvency resolution and liquidation process. If the Code provisions are invoked against our Company, it may affect our ability to pay back our creditors, and enforcement of our creditor rights will be subject to the Code.

**Risks Relating to the Notes and the Security**

***The Notes are subject to exchange rate risks and exchange controls.***

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for the Rupee. The RBI may, however, intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. Historically, these have taken the form of transparent measures and have included clearly delineated periods and amounts involved, as well as the explanations for these actions. RBI's foreign exchange policy objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the Rupee, and protecting its international reserves during times of impending or on-going exchange crises or national emergencies.

The Notes are denominated in Rupees and payable in U.S. dollars. This entails risks which are not associated with a similar investment in a foreign currency-denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between the Rupee and U.S. dollars if such currency risk is unhedged by an investor or the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which our Company does not have any control. Recently, exchange rates have been volatile and such volatility is expected in the near future as well. However, the recent fluctuations in exchange rates are not indicative in nature. If the Rupee depreciates against the U.S. dollar, the effective yield on the Notes may decrease and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor towards the Notes. Rates of exchange between U.S. dollars and the Rupee may significantly vary over time. However, historical trends do not necessarily indicate future fluctuations in rates, and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or globally could lead to significant and sudden changes in the exchange rate between the Rupee and the U.S. dollar.

Investors are eligible to hedge the above-mentioned exchange rate risk with permitted derivative products with: (i) AD Category — I banks in India; (ii) the offshore branches or subsidiaries of Indian banks; or (iii) branches of foreign banks having a presence in India.

***The Notes are subject to selling restrictions and may be transferred only to a limited pool of investors.***

The Notes can only be issued to and held by investors resident in jurisdictions which comply with FATF Requirements (as further set out in the section headed “*Subscription and Sale*”) or other applicable Indian laws and regulations on FATF in relation to Rupee denominated notes from time to time. In addition, foreign branches of Indian banks cannot subscribe or hold the Notes. Therefore, the bonds can only be transferred to a limited group of investors resulting in restricted liquidity of the Notes. For further information relating to the selling restrictions, see “*Subscription and Sale*” on page 151 of this Offering Circular.

***Our Company’s obligations under the Notes will be subordinated to certain liabilities preferred by law.***

The Notes will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes and certain liabilities incurred in the ordinary course of our business (including workmen’s dues).

***There is no public market for the Notes.***

The Notes will be a new issue of securities with no existing trading market. We plan to, through our listing agent, file an application to list the Notes on the official list of the SGX-ST. However, we cannot make any assurances that the Notes will qualify for listing on the exchange or that a liquid trading market will develop for the Notes. Though the Notes may be listed on an exchange, we cannot make any assurances that an active market will develop for the Notes or as to the liquidity of, or the trading market for, the Notes. If an active market does develop, future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates; our financial condition, performance and prospects, political and economic developments in India; and the market for securities similar to the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

***The price of the Notes following the offering may be volatile.***

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions and interest rates, could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

***Developments in other markets may adversely affect the market price of the Notes.***

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors’ reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. If developments similar to the sub-prime mortgage crisis in 2008 occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

***The Notes may not be a suitable investment for all investors.***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable

supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***Modification, waivers and substitution.***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree (or, in the case of the Security Documents, direct the Security Trustee to agree) to: (i) any modification of, or the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Conditions or the Transaction Documents; or (ii) determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such; or (iii) the substitution of another company as principal debtor under any Notes in place of our Company, in all cases in the circumstances described in Conditions 14 or 15.2 (as applicable).

***Notes where denominations involve integral multiples: definitive Notes.***

In relation to these Notes, which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that these Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination.

***The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross-up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.***

***U.S. Foreign Account Tax Compliance Act Withholding***

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together the ICSDs), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (FATCA) will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations

under the Notes are discharged once it has made payment to, or to the order of, the common depositary for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an IGA) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

***Redemption of the Notes prior to maturity may be subject to compliance with applicable regulatory requirements, including the prior approval of the RBI or the AD Bank, as the case may be.***

Any early redemption of the Notes (whether due to certain tax events or due to an Event of Default as described in the Conditions of the Notes) may require the prior approval of the RBI or the Authorised Dealer Bank (**AD Bank**). Compliance with any conditions specified in any such RBI or AD Bank approval will be required. There can be no assurance that the RBI or the AD Bank will provide such approval in a timely manner or at all.

***The remittance of funds outside of India pursuant to any indemnity in relation to the Notes requires prior RBI approval.***

The remittance of funds outside of India pursuant to any indemnity provisions under the Terms and Conditions of the Notes, the Note Trust Deed or any other agreements in relation to the Notes requires prior RBI approval. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the RBI and we can give no assurance that we will be able to obtain such approval.

#### ***Change of law.***

The Conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

***The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.***

The Notes will be represented on issue by one or more Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Unlike the Noteholders themselves, owners of book entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from the Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

***Rupees may not be freely convertible to other currencies.***

The convertibility of Rupees is dependent, *inter alia*, on international and domestic political and economic factors, and on measures taken by governments and central banks, including the Government and the RBI. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of Rupees and vice versa. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

**Risks related to the market generally**

***Exchange rate risks and exchange controls.***

Our Company will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in currency or currency unit (the **Investor's Currency**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

***Interest rate risks.***

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

***Credit ratings may not reflect all risks.***

The Notes have been rated BB+. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can

be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***The rating of the Notes may be lowered or withdrawn depending on some factors, including the rating agency's assessment of our Company's financial strength and Indian sovereign risk, which may adversely affect our Company's ability to incur indebtedness.***

The Notes have been rated BB+. The rating will address the likelihood of payment of principal on the maturity date of the Notes. The rating will also address the timely payment of interest on each payment date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. A downgrade in the rating of the Notes on its own will not be an event of default under the terms of the Notes.

The assigned rating may be raised or lowered depending, among other factors, on the rating agency's assessment of our Company's financial strength as well as its assessment of Indian sovereign risk generally. The inability to incur indebtedness in accordance with business plans and obligations may have a negative effect on our Company's financial condition, cash flows and results of operations.

***Enforcing the rights of Noteholders under the Notes or the Security Documents across multiple jurisdictions and enforcing foreign court judgment on our Company in India may prove difficult.***

The Notes will be issued and secured by our Company. Our Company is incorporated in India. The Notes and the Trust Deed will be governed by English law. The Security Documents will be governed by Indian law. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in England and India. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of an investor's rights. The rights of Noteholders under the Notes and the Security Documents will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that investors will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of India may be materially different from, or be in conflict with, those with which Noteholders may be familiar, including in the areas of the rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect investors' ability to enforce their rights under the Notes and the Security Documents Agreement in the relevant jurisdictions or limit any amounts that they may receive.

Enforcement of security usually takes an inordinately long period of time in India and enforcement may be subject to delays and administrative requirements. The claims and remedies available under Indian law may not be as extensive as those available in other jurisdictions. While any judgment will be made under prevailing Indian laws and regulations, no assurance can be given that the Indian courts will protect the interests of Noteholders in the same manner or to the same extent as would courts in other countries. As a result, it may be difficult for investors to effect service of process, including judgments, on our Company or its officers and directors, or to enforce judgments obtained in non-Indian courts against our Company or its officers and directors in India.

***The value of the Security may not be sufficient to satisfy our Company's obligations under the Notes.***

The obligations of our Company under the Notes will be secured by an exclusive fixed charge over the Security, which is comprised of specified accounts receivable of our Company. The amount of proceeds that would ultimately be realised from the Security upon any enforcement action, or the value of the underlying assets owned by our Company, may not be sufficient to satisfy our Company's obligations under the Notes. The value of the Security and any amount to be recovered upon enforcement action against the Security will depend upon many factors, including, among others, the state in which the enforcement action or sale is completed, prepayments, the ability to sell the Security in an orderly sale, the availability of buyers and the condition of the Security. An appraisal of the Security and the underlying assets has not been prepared in connection with the offering of the Notes. Accordingly, there can be no assurance that the proceeds of any sale of the Security (or of the underlying assets) following an acceleration of the Notes or otherwise would be sufficient to satisfy, or would not be substantially less than, our Company's obligations under the Notes. In addition, since the Issuer is permitted to deal in the specified accounts receivable that form the Security until the occurrence of an Event of Default, the charge created in favour of the Security Trustee may be recharacterised as a floating charge. Each of these factors could reduce the likelihood of an enforcement action as well as reduce the amount of any proceeds in the event of an enforcement action.

The ability of the Security Trustee to foreclose on the Security, upon the occurrence of an Event of Default or otherwise, will be subject in certain instances to perfection of the Security. The Security created by our Company requires registration and perfection by way of filing requisite forms with the Registrar of Companies within a specified time period from the date of creation or modification of such security. In order to maintain the Security Cover Ratio, our Company is required to provide a specified list of receivables to the Security Trustee at the end of each financial quarter until the Notes are repaid in full. Consequently, on submission of such list at the end of each financial quarter, our Company will be required to execute a supplemental deed of hypothecation in favour of the Security Trustee and file a fresh form with the Registrar of Companies. Failure of our Company to perfect the security by filing the requisite form with the Registrar of Companies may lead to the claims of the Noteholders being characterised as unsecured in an event of bankruptcy, liquidation or similar event.

***The decision to enforce the Security may be adverse to the interest of the non-consenting Noteholders.***

The Security Trustee is required to take action to enforce the Security in accordance with the instructions of the Trustee given under and in accordance with the Trust Deed and the Security Documents. The ability of the Trustee (on instructions of the holders of the Notes) to enforce the Security is restricted under the Trust Deed. If an event of default occurs under the Notes, the holders of the Notes holding 25 per cent. of the outstanding amount of the Notes may decide whether to take any enforcement action and may thereafter, through the Trustee in accordance with the Trust Deed, instruct the Security Trustee to take enforcement action against the Security. By virtue of the instructions given to the Security Trustee described above, actions may be taken in respect of the Security that may be adverse to other holders of the Notes who did not vote in favour of enforcement. In such event, the only remedy available to holders of the Notes would be to sue for payment under the Notes.

***The rights over the Security will not be granted directly to holders of the Notes.***

The rights over the Security securing the obligations of our Company under the Notes and the Trust Deed have not been and will not be granted directly to the Noteholders, but will be granted only in favour of the Security Trustee. As a consequence, Noteholders will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes, except through the Security Trustee.

***The Security over certain collateral may in certain circumstances be voidable.***

The Security securing the Notes may be voidable under insolvency, bankruptcy, fraudulent transfer or similar laws of England and other jurisdictions, if and to the extent applicable. In the case of the Security being voidable under such laws in England, the relevant time period during which such security is voidable could be within six months of the date of the charge or, under some circumstances, it would be voidable within longer periods. If the Security were to be voided for any reason, holders of the Notes would have only an unsecured claim against our Company. Under Indian law, the Security granted by our Company may be considered invalid if, in the event of winding up, it is proved that our Company had created a floating charge over the Security within twelve months immediately preceding the commencement of winding up.

***Failure to provide notice to our Company's borrowers upon enforcement of Security may lead to discharge of the borrowers.***

Upon enforcement of the Security, our Company is required to provide notice to our borrowers that all amounts due to our Company as debtor will be settled with the Security Trustee, who shall hold such amounts for the benefit of the Trustee and the Noteholders. If our Company fails to provide such notice to its borrowers, and subsequently, if the borrowers of our Company continue to make payment under their loans to our Company, the borrowers' obligations under their respective loan documents will stand discharged. Consequently, in the absence of notice to our borrowers, all rights and claims of the Security Trustee against our borrowers will stand discharged.

## CONDITIONS OF THE NOTES

*The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Definitive Certificates issued in respect of the Notes:*

The ₹4,750,000,000 8.25 per cent. Senior Secured Notes due 2020 and payable in U.S. dollars (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) of Shriram Transport Finance Company Limited (the **Issuer**) are constituted by a Trust Deed dated on or about 18 January 2017 (the **Trust Deed**) made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and Axis Trustee Services Limited (the **Security Trustee**) as security trustee.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. The Issuer will enter into the Security Documents (as defined herein) to secure performance of the Issuer's obligations under the Notes. Copies of the Trust Deed, the Agency Agreement dated on or about 18 January 2017 (the **Agency Agreement**) made between the Issuer, the Registrar and other Agents and the Trustee, and the Security Documents are available for inspection and/or collection during normal business hours by the Noteholders at the specified office of the Principal Paying Agent (as defined in the Agency Agreement). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Security Documents (together, the **Transaction Documents**) applicable to them.

*The owners shown in the records of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Security Documents applicable to them.*

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are issued in registered form in amounts of ₹10,000,000 and integral multiples of ₹10,000,000 in excess thereof (referred to as the **principal amount** of a Note). A note certificate (each a **Definitive Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded on the relevant Definitive Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

*The Notes are not issuable in bearer form.*

*The Notes will initially be represented by a global certificate in registered form (the **Global Certificate**) which will be registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg).*

#### 1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership or writing on it, or the previous theft or loss of, the Definitive Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the register of Noteholders.

*For a description of the procedures for transferring title to book-entry interests in the Notes, see “Subscription and Sale”.*

## **2. TRANSFERS OF NOTES AND ISSUE OF DEFINITIVE CERTIFICATES**

### **2.1 Transfers**

A Note may be transferred by depositing the Definitive Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

*For a description of certain restrictions on transfers of interests in the Notes, see “Subscription and Sale”.*

### **2.2 Delivery of new Definitive Certificates**

Each new Definitive Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Definitive Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Definitive Certificate is deposited in connection with a transfer is located.

*Except in the limited circumstances described herein (see “The Global Certificates — Registration of Title”), owners of interests in the Notes will not be entitled to receive physical delivery of Definitive Certificates. Issues of Definitive Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.*

Where some but not all of the Notes in respect of which a Definitive Certificate is issued are to be transferred a new Definitive Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Definitive Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

### **2.3 Formalities free of charge**

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

### **2.4 Closed Periods**

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

### **2.5 Regulations**

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

### 3. STATUS

The Notes are direct and unconditional obligations of the Issuer, which are secured in the manner provided in Condition 4, and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding secured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

### 4. SECURITY ARRANGEMENTS AND COVENANTS

#### 4.1 Security

The obligations of the Issuer under, or in connection with, the Notes and the Transaction Documents are secured by way of an exclusive fixed charge over certain specified accounts receivable of the Issuer in favour of the Security Trustee (for itself, the Trustee and the Noteholders (together, the **Secured Parties**)), pursuant to a deed of hypothecation and a power of attorney (together, as may be amended or supplemented from time to time as set forth below, the **Security Documents**). The Issuer will make all filings necessary to perfect the initial security interest over specified accounts receivables within 15 days of the Issue Date or, subject to the agreement of the Security Trustee at the request of the Issuer, within 30 days of the Issue Date.

To maintain the Security Cover Ratio (as defined below), the Issuer will (i) provide a list of specified accounts receivable to the Security Trustee no later than the fifteenth business day following the end of each of the Issuer's financial quarters until the Notes are repaid in full; (ii) execute a supplemental deed of hypothecation in favour of the Security Trustee within 15 business days following the end of each of the Issuer's financial quarters to secure the accounts receivable set out in each list by way of an exclusive fixed charge; and (iii) will make all necessary filings with the relevant Indian Registrar of Companies to perfect such security interest over specified accounts receivables within 15 days of the execution of such supplemental deed of hypothecation or, subject to the agreement of the Security Trustee at the request of the Issuer, within 30 days of the execution of such supplemental deed of hypothecation.

The property specified above, together with any other property or assets held by and/or charged in favour of and/or assigned to the Security Trustee (for itself and the other Secured Parties (subject as provided in these Conditions and the Transaction Documents)) pursuant to the Security Documents and/or any deed or document supplemental thereto is referred to in these Conditions as the **Secured Property**, and the security created thereby is referred to as the **Security**.

#### 4.2 Release of Secured Property

Upon written notice from the Trustee, the purchase and cancellation, or redemption in accordance with these Conditions of all of the outstanding Notes and payment of all other amounts then due under any Transaction Document, the Security shall automatically terminate and the Secured Property shall be released in accordance with the terms of the Security Documents.

#### 4.3 Enforcement of Security

Subject to the provisions of the Security Documents and the Trust Deed, the Security shall become enforceable:

- (a) upon notice being given by the Trustee to the Issuer and the Security Trustee that the Notes are due and payable pursuant to Condition 10;
- (b) if the Issuer shall have failed to make payment of any amount due in respect of the redemption of any Notes when due and payable pursuant to these Conditions; or
- (c) in the circumstances specified in the relevant Security Documents.

If the Security becomes enforceable, the Trustee may at its discretion and without further notice or formality and shall, if so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) direct the Security Trustee to enforce all or any of the Security subject as provided below. The Security Trustee may at its discretion appoint a receiver and/or take possession of and/or realise all or any part of the Secured Property and/or take action or proceedings against any person liable in respect of all or any part of the Secured Property and/or any rights in relation to the Security Documents and take any step, action or proceedings provided for in or pursuant, and/or subject to, the Transaction Documents, but without any liability to any person as to the consequences of such step, action or proceedings and without having regard to the effect of such action or proceedings on the Issuer or individual Noteholders, and provided that the Trustee shall not be required to take any action, step or proceedings that would involve any personal liability or exposure without first being indemnified and/or secured and/or prefunded to its satisfaction.

Following any realisation of the Secured Property in accordance with the foregoing provisions of this Condition 4.3, the Trustee will procure that the proceeds are applied pursuant to Condition 4.8.

For the avoidance of doubt, to enforce the rights of Secured Parties under the Security Documents, the Trustee shall have the right to instruct the Security Trustee to sell any Secured Property that is capable of being sold in accordance with the provisions set out in the Security Documents. Any dispute arising under the Security Documents among any of the parties will be resolved by the courts of the Republic of India (**India**), under Indian law.

#### 4.4 Maintenance Covenants

So long as any of the Notes remain outstanding, the Issuer shall ensure that:

- (a) its capital adequacy ratio, as calculated in accordance with the requirements of the Reserve Bank of India (the **RBI**) in effect from time to time, is at all times maintained at a level that complies with the RBI requirements in effect from time to time;
- (b) its net non-performing asset ratio, as calculated in accordance with the Non Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as stipulated by the RBI, is at all times maintained at a level equal to or less than (i) 4.0 per cent. based on a 120-day delinquency period from the Issue Date to 31 March 2018 and (ii) 5.0 per cent. based on a 90-day delinquency period, from 1 April 2018 until the maturity date of the Notes (the **Asset Quality**);
- (c) subject to Condition 4.4(e) below, its Security Coverage Ratio (as defined below) is at all times at a level equal or greater to 1.0 to 1.0;
- (d) subject to Condition 4.4(e) below, the Security will at all times consist of Standard Assets (as defined below); and
- (e) in respect of any of its International Investment Securities it issues after the date of the issue of the Notes, the Security Coverage Ratio for the Notes and the Asset Quality of the Security will be at least the same as that for such International Investment Securities.

#### 4.5 Reporting

The Issuer has agreed in the Trust Deed that for so long as any Notes remain outstanding, the Issuer will deliver to the Trustee, as soon as practicable but in any event not more than 10 calendar days after they are filed with the National Stock Exchange of India Limited (the **NSE**) and BSE Limited (the **BSE**) or any other recognised exchange on which the Issuer's Capital Stock is at any time listed for

trading, true and correct copies of any financial or other report in the English language filed with such exchange; provided that if at any time the Capital Stock of the Issuer ceases to be listed for trading on a recognised exchange, the Issuer will deliver to the Trustee:

- (a) as soon as practicable, but in any event within 90 calendar days after the end of the fiscal year of the Issuer, copies of its financial statements (on a consolidated basis and in the English language) that the Issuer would have filed with the NSE and BSE if the Capital Stock of the Issuer was listed for trading on such stock exchange in respect of such financial year audited by an eligible qualified chartered accountant recognised by the Institute of Chartered Accountants of India (the **ICAI**); and
- (b) as soon as practicable, but in any event within 60 calendar days after the end of each of the first, second and third fiscal quarters of the Issuer, copies of its unaudited financial results (on standalone basis and in the English language) that the Issuer would have filed with the NSE and BSE if the Capital Stock of the Issuer was listed for trading on such stock exchange in respect of such quarterly period prepared on a basis consistent with the audited financial statements of the Issuer and reviewed by an eligible qualified chartered accountant recognised by the ICAI.

The Issuer has also agreed in the Trust Deed that for so long as any Notes remain outstanding, it will give to the Trustee (i) within seven days after demand by the Trustee therefor; and (ii) (without the necessity for any such demand) promptly after the publication of its unaudited results in respect of each fiscal quarter, commencing with the fiscal quarter ending 30 September 2016 and in any event not later than 180 days after the end of each such fiscal quarter a certificate in or substantially in the form set out in the Trust Deed signed by the Managing Director and CEO of the Issuer to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any Potential Event of Default (or if such exists or existed specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate of the Issuer has complied with all its obligations contained in these presents (including for the avoidance of doubt that each of the covenants as set out in Condition 4.4 are satisfied) or (if such is not the case) specifying the respects in which it has not complied.

#### 4.6 **Limitation on Restricted Payments**

The Issuer will not declare or pay any dividend or make any distribution on or with respect to the Issuer's Capital Stock (other than dividends or distributions payable solely in shares of the Issuer's Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Issuer or any Wholly-Owned Subsidiary (**Restricted Payments**), if, at the time the Issuer makes such Restricted Payment:

- (i) a Default shall have occurred and be continuing (or would result therefrom) unless the Issuer has obtained the prior written approval from the Trustee (acting on the instruction of the bondholders); or
- (ii) the aggregate amount of such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer after the Measurement Date, would exceed the sum, without duplication, of:
  - (A) 50 per cent. of the Issuer's Consolidated Net Income (or if the Consolidated Net Income is a loss, minus 100 per cent. of such loss), accrued in the period beginning on the first day of the fiscal quarter beginning on 1 April 2012 and ending on the last day of the most recent fiscal quarter for which internal financial statements prepared in conformity with Indian GAAP are available prior to the date of such proposed Restricted Payment,

plus

- (B) 100 per cent. of the aggregate net cash proceeds received by the Issuer subsequent to the Measurement Date as a contribution to its ordinary share capital or from the issue or sale of its Capital Stock (other than Disqualified Stock),

plus

- (C) the amount of reduction in Indebtedness of the Issuer that has been converted into or exchanged for such Capital Stock (other than Disqualified Stock) subsequent to the Measurement Date.

So long as no Event of Default has occurred and is continuing or would be caused thereby, the foregoing provisions shall not be violated by reason of the payment of any dividend within 60 days after the related date of declaration if, at said date of declaration, such payment would comply with the preceding paragraph.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this Condition 4.6 will be the Fair Market Value. The Board's determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon a fairness opinion or appraisal issued by a reputable chartered accountant.

Not later than the date of making any Restricted Payment in excess of US\$10,000,000 (or the Dollar Equivalent thereof), the Issuer will deliver to the Trustee an officers' certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Condition 4.6 were computed, together with a copy of any fairness opinion or appraisal required pursuant to the immediately preceding paragraph and the Trustee shall accept such officers' certificate and fairness opinion or appraisal as sufficient evidence thereof.

#### 4.7 Consolidation, Merger and Sales of Assets

So long as any of the Notes remains outstanding, the Issuer will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions to any Person (the consummation of any such transaction or series of related transactions, a **Merger**), unless:

- (a) the Issuer shall be the continuing Person, or the Person (if other than the Issuer) formed by such Merger or that acquired or leased such property and assets (the **Surviving Person**) shall be a corporation organised and validly existing under the laws of India or any other country, provided that such country has, at the time of such Merger, a long-term credit rating of not lower than "BBB-" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. (or its equivalent under any successor rating category of Standard & Poor's Rating Services), and "Baa3" by Moody's Investor Service (or its equivalent under any successor rating category of Moody's) and shall expressly assume, by way of supplemental agreements, all the obligations of the Issuer under the Transaction Documents and the Notes, and the Transaction Documents and the Notes shall remain in full force and effect;
- (b) immediately after giving effect to such Merger on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any of its Subsidiary as having been incurred at the time of such transaction) no Event of Default (as defined in Condition 10) shall have occurred and be continuing or would result therefrom;

- (c) the Issuer shall be solvent and able to pay its debts as they fall due immediately prior to the consummation of such Merger;
- (d) the corporation formed by such transaction, or the Person that acquired such properties and assets, shall expressly agree to indemnify each holder of a Note against any Taxes (as defined below) payable by withholding or deduction thereafter imposed on any holder solely as a consequence of such Merger with respect to the payment of principal, premium (if any) and interest on the Notes;
- (e) immediately after giving effect to such Merger on a *pro forma* basis, the Surviving Person will be in compliance with the maintenance covenants set out in Condition 4.4; and
- (f) the Issuer furnishes to the Trustee (i) an officers' certificate setting out the arithmetic computations establishing compliance with the conditions precedent provided in Condition 4.7(b), (c) and (e), the maintenance covenants set out in Condition 4.4, showing in reasonable detail the calculation of the ratios set out in Condition 4.4 (including the arithmetic computations of each component of such ratios) and (ii) a written opinion from legal counsel acceptable to the Trustee, addressed to the Trustee, in form and substance acceptable to the Trustee, and that meets the requirements of the Trust Deed, stating that such Merger and such supplemental trust deed complies with this provision and that all conditions precedent provided in Condition 4.7(a) and relating to such transaction have been complied with and the Trustee shall accept such officers' certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

#### 4.8 Application of Moneys

Pursuant to the Trust Deed, the Trustee shall apply all moneys received by it under the Transaction Documents in connection with the realisation or enforcement of the Secured Property as follows:

- (a) *First*, in payment or satisfaction of all amounts then due and unpaid under clause 15 of the Trust Deed to the Trustee and/or any Appointee;
- (b) *Secondly*, in payment or satisfaction of all amounts then due and unpaid to any Agent;
- (c) *Thirdly*, in payment or satisfaction of all amounts then due and unpaid under clause 15 of Schedule 6 of the Trust Deed to the Security Trustee;
- (d) *Fourthly*, in or towards retention of an amount which the Trustee considers necessary to pay any amounts that may thereafter become due to be paid under clause 15 to it or any Appointee, to the extent it considers that moneys received by it thereafter under these presents may be insufficient and/or may not be received in time to pay such amounts;
- (e) *Fifthly*, in or towards reimbursement *pari passu* and rateably of any amounts paid by any Indemnifying Parties as contemplated by clause 15.7 of the Trust Deed, together with interest thereon as provided in clause 15.8 of the Trust Deed;
- (f) *Sixthly*, in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Notes; and
- (g) *Seventhly*, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

#### 4.9 Interpretation

For the purposes of these Conditions:

- (a) **Appointee** has the meaning provided in the Trust Deed;
- (b) **Attributable Indebtedness** means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate borne by the Notes of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended;
- (c) **Board of Directors** means the representative governing board elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorised to take the action purported to be taken by such committee;
- (d) **Capitalised Lease** means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with Indian GAAP, is required to be capitalised on the balance sheet of such Person;
- (e) **Capitalised Lease Obligations** means the capitalised amount of any rental obligations under a Capitalised Lease in accordance with Indian GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of penalty;
- (f) **Capital Stock** means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or nonvoting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock;
- (g) **Common Stock** means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares;
- (h) **Consolidated Net Income** means, with respect to any specified Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries for such period, on a consolidated basis, as set out in the accounts of such Person and its Subsidiaries prepared on a basis consistent with Indian GAAP and in respect of which an unqualified opinion or review report has been issued by accountants;
- (i) **Currency Agreement** means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates;
- (j) **Disqualified Stock** means any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (a) required to be redeemed prior to the Stated Maturity of the Notes, (b) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (c) convertible into or exchangeable for Capital Stock referred to in clause (a) or (b) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes;
- (k) **Dollar Equivalent** means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the RBI on the date of determination in accordance with Condition 6.11;

- (l) **Fair Market Value** means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution;
- (m) **Hedging Obligation** of any Person means the obligations of such Person pursuant to any Currency Agreement or Interest Rate Agreement;
- (n) **Indebtedness** means, with respect to any Person at any date of determination (without duplication):
- (i) all indebtedness of such Person for borrowed money;
  - (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
  - (iii) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (including any premium to the extent such premium has become due and payable);
  - (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
  - (v) all Capitalised Lease Obligations and Attributable Indebtedness;
  - (vi) all Indebtedness of other Persons secured by a Security Interest on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (i) the Fair Market Value of such asset at such date of determination and (ii) the amount of such Indebtedness;
  - (vii) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
  - (viii) to the extent not otherwise included in this definition, Hedging Obligations; and
  - (ix) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;
- (o) **Indian GAAP** means accounting standards generally accepted in India as in effect from time to time, or, to the extent required by law or regulation applicable to non-banking financial companies in India. All ratios and computations contained or referred to in the Trust Deed shall be computed in conformity with Indian GAAP applied on a consistent basis;
- (p) **Interest Rate Agreement** means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates;
- (q) **International Investment Securities** means notes, bonds, debentures, certificates of deposit or investment securities of any person which (i) by their terms either are payable, or confer a right to receive payment, in any currency other than the Indian rupee or are denominated in the Indian

rupee and more than one-half of the aggregate principal amount of which is initially distributed outside India by or with the authorisation of the Issuer; and (ii) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside of India;

- (r) **Measurement Date** means 31 March at all times when any of the Notes remain outstanding;
- (s) **Person** means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;
- (t) **Preferred Stock** as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person;
- (u) **Refinancing Indebtedness** means any Indebtedness that is incurred to refinance any other Indebtedness including any Indebtedness that refinances Refinancing Indebtedness provided that: (x) such Refinancing Indebtedness is incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced; and (y) such Refinancing Indebtedness is expressed by its terms to be subordinated in right of payment to the Notes;
- (v) **Sale and Leaseback Transaction** means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Issuer or any Subsidiary transfers such property to another Person and the Issuer or any Subsidiary leases it from such Person;
- (w) **Security Coverage Ratio** means the ratio of (i) the value of the Secured Property to (ii) the outstanding principal amount of the Issuer's and its Subsidiaries' Indebtedness (calculated on a consolidated basis) which is secured by the Secured Property from time to time;
- (x) **Standard Assets** means assets classified as standard assets under the RBI's Master Directions on Non Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016", as amended or superseded from time to time, which are not overdue for more than 150 days, provided however, that to the extent RBI requirements as amended from time to time define standard assets as being overdue for fewer than 150 days, then such shorter period shall apply to this definition;
- (y) **Stated Maturity** means: (a) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (b) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness;
- (z) **Subordinated Indebtedness** means any Indebtedness of the Issuer which is contractually subordinated or junior in right of payment to the Notes, pursuant to a written agreement to such effect;
- (aa) **Subsidiary** means in relation to any person (the first person) at any particular time, any other person (the second person):
  - (i) whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or

- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;
- (bb) **Trade Payables** means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days; and
- (cc) **Wholly-Owned** means, with respect to any Subsidiary of any Person, the ownership of 100.0 per cent. of the outstanding Capital Stock of such Subsidiary by such Person or one or more Wholly-Owned Subsidiaries of such Person.

## 5. INTEREST

### 5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from, and including 18 January 2017 at the rate of 8.25 per cent. per annum, payable annually in equal instalments (with the exception of the last payment date) in arrear on 18 January 2018, 18 January 2019 and 18 January 2020 and the last payment in the amount of ₹32,656,250 (representing one month's interest on the total principal amount of ₹4,750,000,000) shall be made 18 February 2020, each an **Interest Payment Date**.

### 5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event interest will continue to accrue as provided in the Trust Deed.

### 5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

## 6. PAYMENTS

### 6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollar mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Definitive Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollar, details of which appear on the register of Noteholders at the close of business, in the case of principal, on the second business day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

## 6.2 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

*So long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Noteholder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

## 6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

## 6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Definitive Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Definitive Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Mumbai, Hong Kong and New York City and, in the case of presentation of a Note Definitive Certificate, in the place in which the Note Definitive Certificate is presented.

## 6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal, premium (if any) or interest in fact paid.

## 6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) there will at all times be:
  - (i) a Principal Paying Agent;
  - (ii) a Calculation Agent;
  - (iii) a Registrar; and
  - (iv) a Transfer Agent; and
- (b) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**), if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

## 6.7 Payments in U.S. Dollars

Principal and interest will be payable by the Issuer in U.S. dollars. The amount of principal and interest to be paid will be determined by the Calculation Agent in Indian Rupees and will be translated from Indian rupee to U.S. dollar at the Reference Rate (as defined below) for conversion of Indian rupee to U.S. dollar on the applicable Rate Fixing Date (as defined below).

## 6.8 Adjustments to Interest Payment Date and Maturity Date

If a Scheduled Rate Fixing Date is adjusted or if Valuation Postponement applies, then the Interest Payment Date or Maturity Date (as defined below) relating to such Scheduled Rate Fixing Date shall be as soon as practicable, but in no event later than two Business Day(s) after the date on which the Reference Rate for such Interest Payment Date or Maturity Date is determined. If any Interest Payment Date or Maturity Date is adjusted in accordance with the preceding sentence, then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable, and no further adjustment shall apply to the amount of interest payable.

## 6.9 Fallback Provisions

In the event of a Price Source Disruption Event, the Calculation Agent shall apply each of the following price source disruption fallbacks (the **Price Source Disruption Fallbacks**) for the determination of the Reference Rate, in the following order, until the Reference Rate can be determined.

1. Valuation Postponement . . . . . (As defined below)
2. Fallback Reference Price . . . . . SFEMC INR Indicative Survey Rate (INR02)
3. Fallback Survey Valuation Postponement . . . . . (As defined below)

## 6.10 Deferral Period for Unscheduled Holiday

In the event the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday, and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a **Deferral Period**), then the next day after the Deferral Period that would have been a Business Day but for the Unscheduled Holiday, shall be deemed to be the Rate Fixing Date.

## 6.11 Interpretation

For the purposes of these Conditions:

- (a) **Cumulative Events** means notwithstanding anything to the contrary, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate.

Accordingly, (i) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Business Day, then such day shall be deemed to be a Rate Fixing Date, and (ii) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the Reference Rate shall be determined in accordance with the next Price Source Disruption Fallback;

- (b) **Fallback Survey Valuation Postponement** means that, in the event that the Fallback Reference Price is not available on or before the third Business Day (or day that would have been a Business Day but for an Unscheduled Holiday) succeeding the end of either (i) Valuation Postponement, (ii) Deferral Period for Unscheduled Holiday, or (iii) Cumulative Events, as applicable, then the Reference Rate will be determined in accordance with the next applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, does not preclude postponement of valuation in accordance with this provision;

- (c) **Maximum Days of Postponement** means 14 calendar days;

- (d) **Price Source Disruption Event** means it becomes impossible to obtain the Reference Rate on a Rate Fixing Date;

- (e) **Rate Fixing Date** means the Scheduled Rate Fixing Date, subject to Valuation Postponement;

- (f) **Reference Rate** means the rate used on each Rate Fixing Date which will be the USD/INR spot rate, expressed as the amount of Indian rupees per one U.S. dollar, for settlement in two Business Days, reported by the RBI, which is displayed on Reuters page "RBIB" (or any successor page) at approximately 1:30 pm, Mumbai time, on each Rate Fixing Date. If a Price Source Disruption Event occurs on the Scheduled Rate Fixing Date, then the Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent in accordance with the fallback provisions set out in Condition 6.9;

- (g) **Scheduled Rate Fixing Date** means the date which is two Business Days prior to the Interest Payment Date or the Maturity Date (as defined below) or such other date on which an amount in respect of the Notes is due and payable. If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the Rate Fixing Date shall be the next following relevant Business Day, subject to the Deferral Period for Unscheduled Holiday set out in Condition 6.10;

- (h) **SFEMC INR Indicative Survey** means a methodology, dated as of 1 December 2004 as amended from time to time, for a centralised industry-wide survey of financial institutions that are active participants in the Indian Rupee/U.S. Dollar markets for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02);
- (i) **Unscheduled Holiday** means a day that is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Business Days prior to the relevant Rate Fixing Date; and
- (j) **Valuation Postponement** means that the Reference Rate will be determined on the Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption Event, would have been the Rate Fixing Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Reference Rate will be determined on the next Business Day after the Maximum Days of Postponement (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback.

## 6.12 Calculation of Reference Rate

The Issuer shall check any Reference Rate provided by the Calculation Agent and in no circumstance shall the Calculation Agent be liable for the accuracy of such calculation.

## 7. REDEMPTION AND PURCHASE

### 7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 18 February 2020 (the **Maturity Date**).

### 7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Tax Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 18 January 2017, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised

standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

*Early redemption of the Notes pursuant to Condition 7.2 may require approval from the RBI in accordance with the Master Direction — External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency in Authorised Dealers and Persons other than Authorised Dealers dated 1 January 2016, as amended from time to time (the **ECB Guidelines**), and such approval may not be forthcoming.*

### **7.3 Purchases**

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price, subject to applicable laws.

### **7.4 Cancellations**

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled, and accordingly may not be reissued or resold.

### **7.5 Notices Final**

Upon the expiry of any notice as is referred to in Condition 7.2 the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

## **8. TAXATION**

### **8.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Notes; or
- (b) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day (as defined in Condition 6).

The Issuer has agreed, subject to receipt of reasonably appropriate written evidence in respect thereof, to indemnify any Noteholder (or any person having a beneficial interest therein), other than a Noteholder who is liable to Indian tax by reason of his having a connection with India, apart from the mere holding of a Note, to compensate and indemnify, defend and hold harmless each Noteholder and its officers, directors, employees, agents and authorised representatives (if any) from and against any and all Taxes and any resultant losses, liabilities, damages, demands, expenses (including interests and penalties with respect thereto, out-of-pocket expenses and reasonable attorneys' and accountants' fees), claims, assessments, interest and penalties, based upon or, arising out of, or in relation to or in connection with amounts payable by the Issuer to the Noteholder pursuant to Noteholder's investment in the Notes. For the avoidance of doubt, this indemnity shall survive any redemption of the Notes in accordance with these Conditions and shall remain in full force and effect.

## 8.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13; and
- (b) **Relevant Jurisdiction** means the Republic of India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

## 8.3 Transfers or Sales

The Issuer has agreed to indemnify any transferor or transferee of a Note (or any beneficial interest therein), other than a transferor or transferee who is liable to Indian tax by reason of his having a connection with India apart from the mere holding of a Note, against any loss resulting from the imposition of Indian income or capital gains tax on the transfer or sale of a Note outside India.

## 8.4 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## 8.5 Trustee and Agents

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## 9. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

## 10. EVENTS OF DEFAULT

### 10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (b) to (d) (other than the winding up or dissolution of the Issuer), (e) to (g) inclusive and (h) below, only if the Trustee shall have confirmed in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer and the Security Trustee that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and, in the case of interest, the default continues for a period of seven days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for borrowed money of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for borrowed money on the due date for payment (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for borrowed money becomes enforceable; or (iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for borrowed money of any other person; provided that no event described in this Condition 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for borrowed money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for borrowed money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.\$30,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) the Issuer or any of its Principal Subsidiaries is declared by a competent court or other authority insolvent or bankrupt or is unable to pay its debts or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts as they mature or applies for or consents to or suffers the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or any of its Principal

Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not stayed or discharged within 45 days; or

- (g) if the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) a moratorium (which expression shall not include any deferral of principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer in respect of any Indebtedness for borrowed money (including any obligations arising under guarantees) of the Issuer or any of its Subsidiaries; or
- (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or any of the Transaction Documents; or
- (j) if any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect for any reason other than the satisfaction in full of all obligations under the Trust Deed and the relevant security and discharge of the Trust Deed or any Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert, in any pleading in any court of competition jurisdiction, that any such Security Interest is invalid or unenforceable; or
- (k) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (g) inclusive.

## 10.2 Interpretation

For the purposes of these Conditions, **Principal Subsidiary** means a subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its assets represent (or, in the case aforesaid, are equal to) not less than ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed;

*Early redemption of the Notes upon the occurrence of any Event of Default may require the prior approval of the RBI in accordance with the ECB Guidelines before effecting such redemption prior to the Maturity Date, and such approval may not be forthcoming.*

## **11. ENFORCEMENT**

### **11.1 Enforcement by the Trustee**

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes or direct the Security Trustee to enforce the Security in accordance with Condition 4.3, but it shall not be bound to take any such proceedings or other steps or action unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

### **11.2 Limitation on Trustee enforcement**

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

### **11.3 Enforcement by the Noteholders**

No Noteholder shall be entitled to take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed or the Notes or to directly enforce the provisions of the Security Documents (as the case may be) unless the Trustee or the Security Trustee (pursuant to the Security Documents), having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

## **12. REPLACEMENT OF DEFINITIVE CERTIFICATES**

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

## **13. NOTICES**

### **Notices to the Noteholders**

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any notice shall be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

*So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, Luxembourg any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

## **14. SUBSTITUTION**

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of any other company being a Subsidiary of the Issuer provided that:

- (a) the Notes are unconditionally and irrevocably guaranteed by the Issuer;
- (b) the Trustee are satisfied that the substitution is not materially prejudicial to the interests of the Noteholders; and
- (c) certain other conditions as set out in the Trust Deed are complied with.

## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

### **15.1 Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Transaction Documents. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any

adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as described in Schedule 4 of the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution or (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

### **15.2 Modification, Waiver, Authorisation and Determination**

The Trustee may agree, or (in the case of the Security Documents) direct the Security Trustee to agree, without the consent of the Noteholders (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Transaction Documents, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders), or (ii) to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law.

### **15.3 Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution and giving any directions to the Security Trustee), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

### **15.4 Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

## **16. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER**

### **16.1 Indemnification and protection of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Noteholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii)

provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the other Transaction Documents or these Conditions.

*Repatriation of proceeds outside India by the Issuer under an indemnity clause requires the prior approval of the Reserve Bank of India, in accordance with applicable laws and regulations of India, including the rules and regulations framed under the Foreign Exchange Management Act, 1999.*

## **16.2 Trustee Contracting with the Issuer**

Each of the Trustee and the Security Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **17. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes subject to a corresponding increase in the amount of the Secured Property (which increased amount shall be at least equivalent to the aggregate principal amount of such further notes or bonds). Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental trust deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **18.1 Governing Law**

The Trust Deed, the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by, and construed in accordance with, English law.

The Security Documents are governed by, and shall be construed in accordance with, Indian law.

### **18.2 Submission to Jurisdiction**

- (a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed or the Notes including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes (a **Dispute**) and, each of the Issuer, the Trustee and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee and the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

### **18.3 Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited, located at Fifth Floor, 100 Wood Street, London, EC2V 7EX, as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition shall affect the right to serve process in any other manner permitted by law.

### **18.4 Other Documents**

The Issuer has in the Agency Agreement irrevocably submitted to the jurisdiction of the courts of England.

In relation to any legal action or proceeding arising out of or in connection with the Security Documents, the Issuer has in the relevant Security Document agreed that it has irrevocably submitted to the jurisdiction of Indian courts. The submission by the Issuer to such jurisdiction shall not (and shall not be construed so as to) limit the right of any of the Trustee, the Security Trustee or the Noteholders to commence any action or proceeding arising out of or in connection with the Security Documents in any jurisdiction whatsoever it may deem fit nor shall the commencement of any such legal action or proceeding in one jurisdiction preclude any of the Trustee, the Security Trustee or the Noteholders from commencing any further or other legal action or proceeding in the same or any other jurisdiction.

## **19. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, except to the extent (if any) that the Terms and Conditions of the Notes expressly provides for such Act to apply to any of its terms or conditions but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## THE GLOBAL CERTIFICATE

*The Global Certificate contains the following provisions which apply to the Notes in respect of which they are issued whilst they are evidenced by the Global Certificate (including definitions which are not otherwise included in these summary provisions), some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 7 below.*

### 1. **Accountholders**

For so long as any of the Notes are evidenced by the Global Certificate, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of the Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the outstanding principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression **Noteholders** and references to **holding of Notes** and to **holder of Notes** shall be construed accordingly) (the **Accountholder's Holding**) for all purposes other than with respect to payments on such Notes, for which purpose the registered holder shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder.

### 2. **Cancellation**

Cancellation of any Note following its redemption or purchase by the Issuer or any of its Subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

### 3. **Payments**

For so long as the registered holder is shown in the register as the holder of the Notes evidenced by the Global Certificate, the registered holder shall (subject as set out above under "*Accountholders*") in all respects be entitled to the benefit of such Notes and shall be entitled to the benefit of the Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by the Global Certificate will be made to the registered holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the register, which entry shall constitute *prima facie* evidence that the payment has been made.

For the purposes of Condition 6.1 (*Payments in respect of Notes*), so long as the Notes as evidenced by the Global Certificate are held on behalf of Euroclear and/or Clearstream, Luxembourg, the record date in respect of the Notes shall be the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date.

#### **4. Interest Calculation**

For so long as Notes are evidenced by the Global Certificate, interest payable to the registered holder will be calculated by applying the rate of 8.25 per cent. per annum to the outstanding principal amount of the Notes evidenced by the Global Certificate and on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The resultant figure is rounded to the nearest rupee (half a rupee being rounded upwards).

#### **5. Notices**

So long as the Notes are evidenced by the Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 13 except that, so long as the Notes are listed on any stock exchange, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to such clearing system.

Whilst any of the Notes are evidenced by the Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Trustee and the applicable clearing system may approve for this purpose.

#### **6. Registration of Title**

The Global Certificate will be exchangeable (free of charge to the holder) in whole but not in part for Certificates only upon the occurrence of an Exchange Event. An Exchange Event means that:

- (a) an Event of Default (as defined in Condition 10) has occurred and is continuing; or
- (b) the Issuer has been notified by that both Euroclear or Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes evidenced by the Global Certificate in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any Accountholder may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than ten days after the date of receipt of the first relevant notice by the Registrar.

Exchanges will be made upon presentation of the Global Certificate at the office of the Registrar by or on behalf of the registered holder on any day on which banks are open for general business in Hong Kong and will be effected by the Registrar (a) entering each Accountholder in the Register as the registered holder of the principal amount of Notes equal to such Accountholder's Holding (as defined above) and (b) completing, authenticating and dispatching to each Accountholder a Certificate evidencing such Accountholder's Holding. The aggregate principal amount of the Notes evidenced by Certificates issued upon an exchange of the Global Certificate will be equal to the aggregate outstanding principal amount of the Notes evidenced by the Global Certificate.

The Registrar will not register title to the Notes in a name other than that of a nominee for Euroclear and/or Clearstream, Luxembourg acting as common depository for a period of fifteen calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the **Exchanged Global Certificate**) becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

## 7. **Transfers**

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and/or, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants.

## USE OF PROCEEDS

The gross proceeds of the issue of the Notes, after meeting Notes issuance expenses, will be applied by our Company for our various financing activities, including lending and investments, repayment of our existing loans and for business operations, including capital expenditure and working capital requirements as permitted under the RBI's "Master Direction — External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers" dated 1 January 2016, as amended from time to time (the **ECB Guidelines**) and other RBI regulations governing us as an NBFC.

## CAPITALISATION

*Set out below is our Company's unconsolidated total short-term borrowing, total long-term borrowing and shareholders' funds as of 30 September 2016, as derived from its financial statements as of and for the six months ended 30 September 2016 and as adjusted to reflect the issue of the Notes. For additional information, see our Company's financial statements and the notes thereto included elsewhere in this Offering Circular.*

	As of 30 September 2016			
	Actual		As adjusted	
	(₹ million) <sup>(1)</sup>	(U.S.\$ million) <sup>(4)</sup>	(₹ million)	(U.S.\$ million) <sup>(4)</sup>
<b>Borrowing:</b>				
Short Term Borrowing <sup>(2)</sup> . . .	198,537.35	2,978.38	198,537.35	2,978.38
Long Term Borrowing <sup>(3)</sup> . . .	319,743.14	4,796.66	319,743.14	4,796.66
The Notes . . . . .	—	—	4,750.00	71.26
<b>Total Borrowing</b> . . . . .	518,280.49	7,775.04	523,030.49	7,846.30
<b>Shareholders' Fund:</b>				
Share Capital . . . . .	2,269.07	34.04	2,269.07	34.04
Reserve and Surplus . . . . .	106,889.59	1,603.51	106,889.59	1,603.51
<b>Shareholder Funds</b> . . . . .	109,158.66	1,637.55	109,158.66	1,637.55

(1) The figures disclosed above are based on the Reviewed Statement of Assets and Liabilities of the Company as of 30 September 2016.

(2) Short term borrowing represent debts repayable within 12 months from date of borrowing, and current maturities of long term borrowing.

(3) Long term borrowing represent debts other than Short Term debts as defined in (2) above.

(4) Using the exchange rate of U.S.\$1.00 = ₹66.6596.

There has been no material change in our Company's unconsolidated total short-term borrowing, total long-term borrowing and shareholders' funds since 30 September 2016.

## SELECTED FINANCIAL INFORMATION

The following table sets out a summary of the audited consolidated financial statements of our Company as of and for the years ended 31 March 2014, 2015 and 2016, and the unaudited condensed unconsolidated financial statements of our Company as of and for the six months ended 30 September 2015 and 2016, which, respectively, are derived from our Company's audited consolidated and unaudited condensed unconsolidated financial statements and notes thereto included elsewhere in this Offering Circular. This information should be read in conjunction with our Company's audited consolidated and unaudited condensed unconsolidated financial statements and the related notes thereto included elsewhere in this Offering Circular. Our Company's financial statements prepared under Indian GAAP as of and for the years ended 31 March 2014, 2015 and 2016 were audited by the joint statutory auditors S.R. Batliboi & Co. LLP and G.D. Apte & Co. and their audit reports in relation thereto are included elsewhere in this Offering Circular. Our Company's financial statements as of and for the six months ended 30 September 2016 prepared under Indian GAAP were reviewed by the joint statutory auditors S.R. Batliboi & Co. LLP and G.D. Apte & Co.

### Statement of Income and Expenditure

Particulars	Fiscal year ended 31 March			Six months ended 30 September		
	2014	2015	2016	2015	2016	2016
	(₹ million)			(₹ million)		(US\$ million) <sup>(1)</sup>
	(consolidated)			(unconsolidated)		
<b>Income</b>						
Revenue from operations . . . . .	84,760.19	91,769.98	103,102.88	47,744.01	53,998.95	810.07
Other income . . . . .	41.68	26.19	34.62	45.10	9.75	0.15
<b>Total . . . . .</b>	<b>84,801.87</b>	<b>91,796.17</b>	<b>103,137.50</b>	<b>47,789.11</b>	<b>54,008.70</b>	<b>810.22</b>
<b>EXPENDITURE</b>						
Employee benefit expenses . . . . .	4,715.98	5,040.39	6,237.33	2,544.55	2,911.43	43.68
Finance cost						
Interest on Debentures . . . . .	16,492.99	17,791.63	17,932.20	9,333.57	8,941.52	134.14
Interest on Loans from banks . . . . .	14,294.05	16,662.64	18,525.68	8,104.44	9,351.74	140.29
Interest on Subordinated debts . . . . .	5,204.92	5,005.71	4,364.75	2,170.59	2,014.81	30.23
Others* . . . . .	6,030.13	7,286.47	9,756.60	4,347.06	6,111.30	91.68
Depreciation and amortization . . . . .	327.84	431.55	376.32	183.41	175.37	2.63
Other expenses . . . . .	5,899.24	6,959.98	7,466.08	3,353.33	3,672.13	55.09
Provisions and write offs . . . . .	12,132.09	16,122.24	20,585.75	7,819.68	9,194.20	137.93
<b>Total . . . . .</b>	<b>65,097.24</b>	<b>75,300.61</b>	<b>85,244.71</b>	<b>37,856.63</b>	<b>42,372.50</b>	<b>635.67</b>
<b>Profit before taxation (A-B) . . . . .</b>	<b>19,704.63</b>	<b>16,495.56</b>	<b>17,892.79</b>	<b>9,932.48</b>	<b>11,636.20</b>	<b>174.55</b>
<b>Provision for taxation</b>						
Current tax / Minimum alternate tax . . . . .	5,809.59	6,228.08	6,567.48	3,553.13	4,168.66	62.54
Deferred tax . . . . .	315.67	(16.97)	(510.88)	(212.77)	(149.97)	(2.25)
<b>Total tax expense / (income) . . . . .</b>	<b>6,125.26</b>	<b>6,211.11</b>	<b>6,056.60</b>	<b>3,340.36</b>	<b>4,018.69</b>	<b>60.29</b>
<b>Profit after tax from operations (C-D) . . . . .</b>	<b>13,579.37</b>	<b>10,284.45</b>	<b>11,836.19</b>	<b>6,592.12</b>	<b>7,617.51</b>	<b>114.27</b>
<b>Net profit after taxes and share of profit/(loss) of associate . . . . .</b>	<b>13,579.37</b>	<b>10,284.45</b>	<b>11,836.19</b>	<b>6,592.12</b>	<b>7,617.51</b>	<b>114.27</b>
<b>Earnings per share</b>						
Basic (₹) . . . . .	59.85	45.33	52.17	29.05	33.57	0.50
Diluted (₹) . . . . .	59.85	45.33	52.17	29.05	33.57	0.50
<b>Nominal value of equity share (₹) . . . . .</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0.15</b>

*Note:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.
- (2) \* Others include interest on fixed deposits, interest on loans from institutions and others, interest on commercial paper, professional charges for resource mobilisation, cost of processing charges on loans, brokerage cost and amortisation of public issue expenses for non-convertible debentures.

## Assets and Liabilities

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
	(₹ million) (consolidated)			(₹ million)	(US\$ million) <sup>(1)</sup> (unconsolidated)
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share capital . . . . .	2,269.07	2,269.07	2,269.07	2,269.07	34.04
Reserves and surplus . . . . .	82,832.70	90,389.11	99,485.77	106,889.59	1,603.51
<b>Non-current liabilities</b>					
Long-term borrowings . . . . .	239,620.83	328,555.83	302,688.87	319,743.14	4,796.66
Other Long-term liabilities . . . . .	9,880.94	9,716.22	11,634.69	11,863.12	177.97
Long-term provisions. . . . .	13,030.07	18,719.84	28,427.17	31,129.92	467.00
<b>Current liabilities</b>					
Short-term borrowings . . . . .	33,937.79	29,526.29	33,304.44	37,164.87	557.53
Trade payables					
- Total outstanding dues of micro enterprises and small enterprises . . . . .	—	—	—	—	—
- Total outstanding dues of creditors other than micro enterprises and small enterprises . . . . .	5,247.93	12,283.42	15,365.77	15,613.57	234.23
Other current liabilities . . . . .	133,388.53	126,007.23	181,837.00	185,476.81	2,782.45
Short-term provisions . . . . .	3,016.01	4,069.13	5,121.89	4,796.26	71.95
<b>TOTAL . . . . .</b>	<b>523,223.87</b>	<b>621,536.14</b>	<b>680,134.67</b>	<b>714,946.35</b>	<b>10,725.34</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets					
Tangible assets . . . . .	1,526.66	1,527.64	1,505.28	921.30	13.82
Intangible assets. . . . .	21.65	14.93	15.84	14.32	0.21
Non-current investments . . . . .	3,978.00	8,242.65	12,225.12	14,114.94	211.75
Deferred tax asset (net) . . . . .	2,555.58	2,577.83	3,088.72	3,227.00	48.41
Long-term loans and advances . . . . .	237,696.40	324,812.55	430,132.67	456,643.74	6,850.38
Other non-current assets . . . . .	944.25	931.06	138.90	547.42	8.21
<b>Current assets</b>					
Current investments . . . . .	20,374.63	22,129.21	1,169.92	2,500.00	37.50
Trade receivables . . . . .	19.07	29.89	100.95	—	—
Cash and cash balances . . . . .	71,184.37	47,611.79	23,655.50	35,028.91	525.49
Short-term loans and advances . . . . .	184,123.15	213,032.95	207,595.33	201,372.22	3,020.90
Other current assets. . . . .	800.11	625.64	506.44	576.50	8.65
<b>TOTAL . . . . .</b>	<b>523,223.87</b>	<b>621,536.14</b>	<b>680,134.67</b>	<b>714,946.35</b>	<b>10,725.33</b>

*Note:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as of 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate as of 30 September 2016 based on the RBI Reference Rate.

## OVERVIEW OF THE INDUSTRY

This information in the section below has been derived, in part from various government and private publications or obtained in communications with government ministries in India and the RBI. This information has not been independently verified by our Company or any of its respective affiliates or advisers. The information may not be consistent with other information compiled within or outside India. Our Company does not have any actual knowledge of any material misstatement contained in this section.

A part of the information contained in this section is extracted from the Report of ICRA. All information contained in the Report of ICRA has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained therein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

### GLOBAL ECONOMY:\*

Global growth picked up modestly in the second half of 2016, after weakening in the first half. Activity in advanced economies (AEs) improved hesitantly, led by a rebound in the US. In the emerging market economies (EMEs), growth has moderated, but policy stimulus in China and some easing of stress in the larger commodity exporters shored up momentum. World trade is beginning to emerge out of a trough that bottomed out in July-August and shows signs of stabilising. Inflation has ticked up in some AEs, though well below target, and is easing in several EMEs. Expectations of reflationary fiscal policies in the US, Japan and China, and the waning of downward pressures on EMEs in recession are tempered by still-prevalent political risks in the euro area and the UK, emerging geo-political risks and the spectre of financial market volatility.

International financial markets were strongly impacted by the result of the US presidential election and incoming data that raised the probability of the Federal Reserve tightening monetary policy. As bouts of volatility fuelled a risk-off surge into US equities and out of fixed income markets, a risk-on stampede pulled out capital flows from EMEs, plunging their currencies and equity markets to recent lows even as bond yields hardened in tandem with US yields. The surge of the US dollar from late October intensified after the election results and triggered sizable depreciations in currencies around the world. Commodity prices firmed up across the board from mid-November on an improvement in the outlook for demand following the US election results, barring gold which lost its safe haven glitter to the ascendant US dollar. Crude prices have firmed after the OPEC's decision to cut output.

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*\*Source: Fifth Bi-monthly Monetary Policy Statement, 2016-17 - December 07, 2016 by RBI*

### INDIAN ECONOMY

#### *Macroeconomic Outlook*

India is the world's largest democracy by population with an estimated population size of 1.31 billion in 2015. India's Gross Domestic Product (GDP) in 2015 was U.S.\$2.095 trillion. India was the third-largest economy in terms of GDP in 2015 by purchasing power parity (PPP). Indian economy is among the fastest growing economies globally.

*(Source: World Bank)*

Provisional Estimates of Growth Rate of GVA at basic price at Constant (2011-12) prices for the Fiscal Year 2015-16 from 'agriculture', 'mining & quarrying', 'manufacturing', 'electricity, gas & water

supply', 'construction' and 'services' sectors are 1.2 per cent., 7.4 per cent., 9.3 per cent., 6.6 per cent., 3.9 per cent. and 8.9 per cent., respectively. GDP at constant (2011-12) prices in the first quarter of fiscal year 2016-17 is estimated at a growth rate of 7.1 per cent. Quarterly GVA at Basic Price at constant (2011-12) prices for first quarter of fiscal year 2016-17 is estimated at a growth rate of 7.3 per cent. over the corresponding quarter of previous year.

Quarterly GVA at basic prices for first quarter of fiscal year 2016-17: from

- i. the 'agriculture, forestry and fishing' sector grew by 1.8 per cent. as compared to growth of 2.6 per cent. in the first quarter of fiscal year 2015-16.
- ii. the 'mining and quarrying' sector declined by (0.4) per cent. as compared to growth of 8.5 per cent. in the first quarter of fiscal year 2015-16.
- iii. the 'manufacturing' sector grew by 9.1 per cent. as compared to growth of 7.3 per cent. in the first quarter of fiscal year 2015-16.
- iv. the 'electricity, gas, water supply and other utility services' sector grew by 9.4 per cent. as compared to growth of 4.0 per cent. in the first quarter of fiscal year 2015-16.
- v. the 'construction' sector grew by 1.5 per cent. as compared to growth of 5.6 per cent. in the first quarter of fiscal year 2015-16
- vi. the 'financial, insurance, real estate and professional services' sector grew by 9.4 per cent. as compared to growth of 9.3 per cent. in the first quarter of fiscal year 2015-16.

GDP at constant (2011-12) prices in second quarter of fiscal year 2016-17 is estimated at a growth rate of 7.3 per cent. Quarterly GVA at Basic Price at constant (2011-12) prices for second quarter of 2016-17 is estimated at a growth rate of 7.1 per cent. over the corresponding quarter of previous year.

Quarterly GVA at basic prices for second quarter of fiscal year 2016-17 from:

- i. the 'agriculture, forestry and fishing' sector grew by 3.3 per cent. as compared to growth of 2.0 per cent. in second quarter of 2015-16.
- ii. the 'mining and quarrying' sector declined by (1.5) per cent. as compared to growth of 5.0 per cent. in second quarter of 2015-16.
- iii. the 'manufacturing' sector grew by 7.1 per cent. as compared to growth of 9.2 per cent. in second quarter of 2015-16.
- iv. the 'Electricity, Gas, water supply and other utility services' sector grew by 3.5 per cent. as compared to growth of 7.5 per cent. in second quarter of 2015-16.
- v. the 'Construction' sector grew by 3.5 per cent. as compared to growth of 0.8 per cent. in second quarter of 2015-16.
- vi. the 'Financial, insurance, real estate and professional services' sector grew 8.2 per cent. as compared to growth of 11.9 per cent. in second quarter of 2015-16.

*(Source: Central Statistics Office)*

As per the recent report of Ministry of Commerce & Industry, the annual rate of inflation, based on monthly WPI, stood at 3.15 per cent. (provisional) for the month of November 2016 (compared to November 2015) as compared to 3.39 per cent. (provisional) for the previous month and (2.04) per cent. during the corresponding month of the previous year.

(Source: Index Numbers of Wholesale Price in India (Base: 2004-05=100), Review for the month of November 2016 - Ministry of Commerce & Industry)

**Quarterly forecasts (median) of macro-economic indicators for Q3:2016-17 to Q2:2017-18**

Indicators	Q3:2016-17	Q4:2016-17	Q1:2017-18	Q2:2017-18
1. Real GVA at basic prices . . . . .	7.0	7.1	7.4	7.4
1.1. Agriculture and Allied Activities . . . . .	3.6	2.8	2.7	2.8
1.2. Industry . . . . .	6.9	7.1	7.2	7.3
1.3. Services . . . . .	8.3	8.5	8.8	9.0
2. CPI Combined Headline inflation . . . . .	4.1	4.5	4.5	4.7
3. Core CPI Combined (excluding food and fuel) inflation. . . . .	4.8	4.9	4.8	4.8
4. WPI Headline inflation . . . . .	3.3	4.0	3.1	3.0

Results of the Survey of Professional Forecasters on Macroeconomic Indicators — Round 43 extracted from the RBI’s website show output growth, measured using gross value added at basic prices, to grow at 7.1 per cent. in 2016-17 which is 50 basis points lower than the previous survey (forecasts are in terms of median). Forecasters expect real GVA at basic price to grow by 7.1 per cent. in 2016-17. Agriculture and allied activities sector and the services sector are expected at 3.1 per cent. and 8.4 per cent., respectively. The industry sector growth forecast has been placed at 6.9 per cent. In 2017-18, real GVA is expected to increase by 7.4 per cent., led by a growth in the services sector by 9.0 per cent. Agriculture and allied activities sector and the industry sector are expected to grow by 2.9 per cent. and 7.3 per cent., respectively. CPI (combined) headline inflation is expected to fall sharply to 4.1 per cent. in the third quarter of 2016-17 and thereafter gradually increases to 4.7 per cent till second quarter of 2017-18. The core CPI (defined as excluding food and fuel) inflation is revised up compared to the last round and is likely to remain below 5.0 per cent. until second quarter of 2017-18 WPI inflation is expected to increase to 4.0 per cent. in the fourth quarter of 2016-17 and may decline thereafter.

(Source: Results of the Survey of Professional Forecasters on Macroeconomic Indicators — Round 43, Reserve Bank of India)

**OVERVIEW OF THE INDIAN FINANCIAL SECTOR**

The RBI, as the main regulator of credit, is the apex institution in the financial system, which also serves as a bank for the Government and for the India’s commercial banks. Other important financial institutions include the commercial banks (in the public and private sector), cooperative banks, regional rural banks and development banks. Non-bank financial institutions include finance and leasing companies and other institutions such as Life Insurance Corporation of India, General Insurance Corporation of India, Unit Trust of India.

Until the early 1990s, the Indian financial system was strictly controlled. Interest rates were administered, formal and informal parameters governed asset allocation, and strict controls limited entry into and expansion within the Indian financial sector. The Government’s economic reform program, which began in 1991, encompassed the financial sector.

The RBI issued guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long term lending institutions and non-bank finance companies. The RBI requires these institutions to furnish information relating to their businesses to it on a regular basis.

The RBI has given in principle approvals to 10 entities to set up small finance banks and 11 entities to set up payments banks and RBI has proposed a new framework for granting licences for universal banks on a continuous basis. Additionally, the RBI released the “Guidelines for ‘on tap’ Licensing of Universal Banks in the Private Sector” in May 2016.

The RBI on 12 May 2016 released the master directions on “Ownership in Private Sector Banks”. These regulate the ownership limits for promoters and shareholders in a private bank, the ceiling on voting rights of shareholding in private sector banks and the cross holding limits. The guidelines also provide transition arrangements and apply to all private sector banks licensed by RBI to operate in India.

In April 2015, the RBI revised priority sector lending guidelines for foreign banks. Large foreign banks (with 20 or more branches) have been asked to meet the PSL targets by 2018 and small foreign banks (less than 20 branches) will need to gradually reach targets that are on par with domestic banks by 2020.

### **Non-Banking Financial Companies**

As of 15 December 2016, there were 11,550 NBFCs registered with the RBI mostly in the private sector of which 187 were NBFC deposit-accepting and 11,363 were NBFC non-deposit accepting. Additionally there were 71 NBFCs- Micro Finance Institutions registered with the RBI as of 15 December 2016. All non-banking financial companies are required to register with the RBI.

*(Source: Reserve Bank of India)*

The non-banking financial companies may be categorized into entities which take public deposits and those which do not. The companies which take public deposits are subject to strict supervision and capital adequacy requirements of the RBI. The RBI classifies non-banking financial companies into three categories: asset finance companies, loan companies and investment companies. In February 2010, the RBI introduced a fourth category of non-banking financial company called infrastructure finance companies and announced in December 2011, a separate category of non-banking financial company, microfinance institutions.

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee based services such as investment banking and underwriting.

The RBI proposed that non-deposit taking non-banking financial companies with an asset size of ₹1.0 billion and above would have to maintain a capital to risk weighted assets ratio of 12.0 per cent. instead of the then current minimum of 10.0 per cent. The capital adequacy ratio was proposed to be increased to 15.0 per cent. from April 2009. In its 2009 annual policy statement, the RBI deferred the implementation of the capital to risk weighted assets ratio of 12.0 per cent. requirement to 31 March 2010 and of 15.0 per cent. to 31 March 2011. In February 2011, the RBI issued guidelines mandating deposit taking non-banking financial companies to maintain capital to risk weighted assets ratio of 15.0 per cent. against the minimum of 12.0 per cent.

With the purpose of enhancing the flow of funds to infrastructure projects, the RBI issued guidelines in November 2011 for the establishment of infrastructure debt funds. An infrastructure debt fund may be set up either as a trust or as a company. A trust based infrastructure debt fund would be a mutual fund which would be regulated by SEBI while a company based infrastructure debt fund would be a non-banking financial company which would be regulated by the RBI. All non-banking financial companies, including infrastructure finance companies may sponsor infrastructure debt funds set up as mutual funds. However, only infrastructure finance companies can sponsor infrastructure debt funds set up as non-banking financial companies. Banks are allowed to sponsor infrastructure debt funds in the form of mutual funds and non-banking financial companies with investments by the bank not exceeding 10.0 per cent. of the bank’s paid-up capital. Since April 2016, infrastructure debt funds have been allowed to raise funds through shorter tenor bonds and commercial papers from the domestic market to the extent of up to 10 per cent. of their total outstanding borrowings.

During fiscal year 2006, the RBI issued guidelines on the financial regulation of systemically important non-banking financial companies and their relationship with banks in an effort to remove the possibility of regulatory arbitrage leading to an uneven playing field and potential systemic risk. Within non-deposit taking non-banking financial companies, the guidelines classified those with an asset size above ₹1.0 billion as per the last audited balance sheet as systemically important. These non-banking financial companies were required to maintain a minimum capital to risk weighted assets ratio of 10.0 per cent., in addition to conforming to single and group exposure norms. In August 2008, the RBI issued draft guidelines covering non-deposit taking nonbanking financial companies. In August 2011, the RBI released a working group report on issues and concerns in the non-banking financial companies sector. In December 2012, the RBI issued draft guidelines on the regulatory framework for non-banking financial companies based on the recommendations of the Working Group. On 10 November 2014, the RBI revised the regulatory framework for NBFCs. In July 2015, RBI extended the applicability of the framework for revitalizing Distressed Assets in the Economy issued in 30 January 2014 to NBFCs. In June 2016, the RBI allowed NBFCs to refinance any existing infrastructure and other project loans by way of take-out financing, without the need for a pre-determined agreement with other lenders and allowed NBFCs to fix a longer repayment period in accordance with the project loans refinancing guidelines dated 2 June 2016. In 2016, the RBI issued the Master Directions on Non-Banking Financial Company for Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The directions classify those with total assets of ₹ 500 crore and above (in accordance with the last audited balance sheet) as systemically important. Every such non banking financial company needs to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15.0 per cent., of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. For further information, please refer to “*Regulations and Policies in India*”.

#### **Recent Structural Reforms- Reforms of the Non-Bank Finance Companies**

Standards relating to income recognition, provisioning and capital adequacy were prescribed for non-bank finance companies in June 1994 and have evolved over time. Registered non-bank finance companies were required to achieve a minimum capital adequacy of 6 per cent. by year-end financial year 1995 and 8 per cent. by year-end financial year 1996 and to obtain a minimum credit rating. To encourage the companies complying with the regulatory framework, the RBI announced in July 1996 certain liberalisation measures under which the non-bank finance companies registered with it and complying with the prudential norms and credit rating requirements were granted freedom from the ceiling on interest rates on deposits and amount of deposits. Other measures introduced include requiring non-bank finance companies to maintain a certain percentage of liquid assets and to create a reserve fund. The percentage of liquid assets to be maintained by non-bank finance companies has been revised uniformly upwards and, since April 1999, 15 per cent. of public deposits must be maintained. From 1 January 2000 the requirement was that liquid assets should not be less than 10 per cent. in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank, the aggregate of which shall not be less than 15 per cent. of the “public deposit” outstanding at the close of business on the last working day of the second preceding quarter. The maximum rate of interest that non-bank finance companies could pay on their public deposits was reduced from 12.5 per cent. per annum to 11 per cent. per annum effective 4 March 2003. Subsequently, the maximum interest rate payable on public deposits by NBFCs has been revised to 12.5 per cent. per annum from 24 April 2007. All NBFCs are not entitled to accept public deposits. Only those NBFCs to which have been given a specific authorisation by the RBI and have an investment grade rating are allowed to accept/ hold public deposits to a limit of 1.5 times of its net owned funds. All existing unrated AFCs were allowed to accept deposits on the condition that they get themselves rated by 31 March 2016. For further information please refer “*Regulations and Policies in India*”.

## **Credit Policy Measures**

In line with the recommendation of the “Report of the Expert Committee to Revise and Strengthen the Monetary Policy Framework” 2014, the RBI has decided to review monetary policy on a bi-monthly basis. The highlights on latest bi-monthly monetary policy statements are as mentioned below:

### **Fifth Bi-monthly Monetary Policy Statement, 2016-17 (7 December, 2016)**

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.25 per cent.

Consequently, the reverse repo rate under the LAF remains unchanged at 5.75 per cent., and the MSF rate and the bank rate at 6.75 per cent.

### **Fourth Bi-monthly Monetary Policy Statement, 2016-17 (4 October 2016)**

On the basis of an assessment of the current and evolving macroeconomic situation, it has been decided to reduce the policy repo rate under the LAF by 25 basis points from 6.5 per cent. to 6.25 per cent. with immediate effect.

Consequently, the reverse repo rate under the LAF stands adjusted to 5.75 per cent., and the MSF rate and the bank rate to 6.75 per cent.

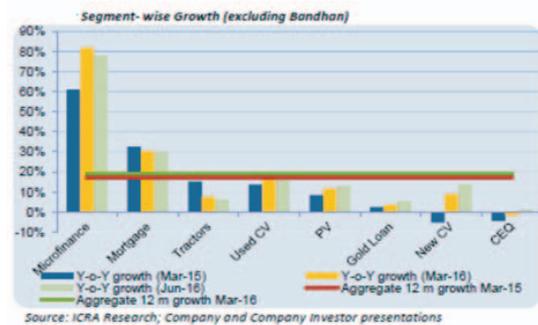
## **Indian Non-Banking Finance Companies — Industry Overview:\***

*(Note: The Industry analysis / data cuts are only with respect to Domestic Retail NBFCs)*

### **Retail Credit Trends**

The Indian retail credit market (which includes that of Scheduled Commercial Banks, NBFCs and Housing Finance Companies) stood at ₹26.2 trillion as of 30 June 2016. The year-on-year credit growth in the first quarter of fiscal year 2017 remained steady at approximately 19.3 per cent. India's retail credit penetration (as per cent. of GDP at current prices) stood at approximately 19.0 per cent. as of 30 June 2016 as compared to approximately 16.7 per cent. as of March 2015 (16.0 per cent. in March 2014). This however continues to remain lower than in developed countries, which indicates a significant scope for growth in the future. NBFCs, which continued to account for 19.9 per cent. of the total Domestic Retail Credit (including off balance sheet portfolio of the NBFCs), witnessed a pickup in their credit off-take registering year-on-year managed credit growth of 21.5 per cent. (adjusted for Bandhan which was converted to a bank in the second quarter of fiscal 2016) in first quarter of fiscal year 2017, (19.9 per cent. during fiscal 2016, 14.8 per cent. in fiscal year 2015 and 9.8 per cent. in fiscal year 2014) as robust growth continued in the mortgage and microfinance segments and the operating environment for some of the other asset classes improved.

As of 30 June 2016, the total managed (including off balance-sheet book) retail credit of NBFCs stood at approximately ₹5.2 trillion and grew year-on-year approximately 18.9 per cent. in the first quarter of fiscal year 2017 (as against 17.3 per cent. in fiscal 2016 and 14.8 per cent. in Fiscal Year 2015). Retail credit growth for NBFCs in first quarter of fiscal year 2017 is higher than in fiscal year 2016 and in fiscal year 2015 supported by the robust growth in the microfinance segment, and a revival of credit growth in the new CV (11.00 per cent. of the retail NBFC credit) and gold loan (10.00 per cent. of the retail NBFC credit) segments. Continued robust growth in the mortgage segment and an improvement in demand in the passenger vehicle (PV) segment supplemented the overall NBFC credit growth in the first quarter of Fiscal Year 2017.



## Commercial Vehicle Finance

NBFC credit to the CV segment grew by 15.00 per cent. on a year-on-year basis, in the first quarter of Fiscal Year 2017, following a steady improvement in CV sales growth. The total NBFC credit to this segment stood at approximately ₹1.2 billion as of 30 June 2016.

The NBFC credit to the new CV segment registered a 15.00 per cent. year-on-year growth in the first quarter of fiscal year 2017, a double digit growth after more than three years, while the used CV segment continued to grow well at about 16 per cent.. The improvement in the new CV NBFC credit indicates a revival in demand from retail and small fleet operator segments; NBFCs continue to face stiff competition from banks in the large and mid-sized fleet operator categories.



After three years of decline, the domestic CV industry registered a sales growth of 12.00 per cent. in fiscal 2016. During first quarter of fiscal year 2017, the CV sales grew by about 13.00 per cent.; however in July 2016, the domestic CV industry sales were flat in volume terms on a year-on-year basis and grew by a modest 1.5 per cent. in the month of August 2016 due to weak M&HCV sales. After registering 14.5 per cent. year-on-year volume growth in first quarter of fiscal year 2017; M&HCV sales declined by 9 per cent. on a year-on-year basis, during second month of second quarter of fiscal year 2017. The sharp decline in M&HCV (Truck) sales over the past few months is driven by waning replacement-led demand, uncertainty related to the implementation of GST and its likely impact on vehicle prices and overall sluggish demand for freight and its impact on freight rates, which have been on a declining trend. However, unlike M&HCV, LCV trucks and buses continued to perform well.

Despite recent weakness in sales, the M&HCV (Truck) segment is likely to register a growth of 13.00 to 15.00 per cent. in Fiscal Year 2017 driven by continuing trend towards replacement of ageing fleet, pre-buying before BS-IV is implemented across India and expectations of pick-up in demand from infrastructure and industrial sectors in view of reforms being initiated by the Government.

The CV segment had seen a significant delinquency build-up over the Fiscal Year 2013 to Fiscal Year 2015 before seeing some improvement from December 2014. 90+ delinquencies (excluding captive financiers) in the segment reduced to 6.3 per cent. in June 2016 (6.8 per cent. in March 2016) from the peak levels of approximately 9.0 per cent. in December 2014.

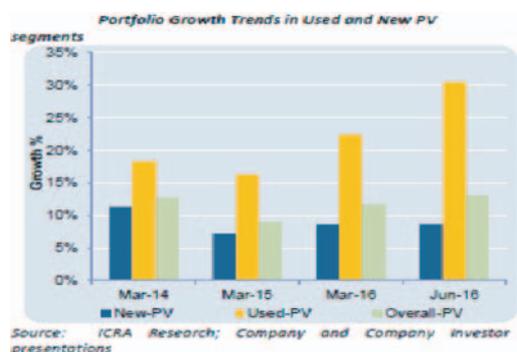
During fiscal year 2013- fiscal year 2015, the build-up in delinquencies in the new CV segment was sharper as 90+dpd increased from 3.2 per cent. in March 2013 to approximately 8.7 per cent. in March 2015, while the used CV delinquencies increased from 5.0 per cent. to 7.5 per cent. during the same period. This sharper deterioration in asset quality could be attributed to the higher repayment burden on a new CV borrower as compared with a used CV borrower, in a scenario of weakening demand. From second half of fiscal year 2015, the cashflows and viability of fleet operators have been improving on the back of a decline in diesel prices and relatively firm freight rates. While this trend continued for most of fiscal 2016, over the past few months, freight rates remained flat while diesel prices have recovered by almost 16 per cent. since April 2016. Good fleet utilisations, however, are supporting the cash flows of borrowers.

### Passenger Vehicle Finance

NBFC credit to the PV segment stood approximately at ₹830 billion as of 30 June 2016, registering a year-on-year growth of 13.00 per cent.

The share of used PV in total PV financing has been increasing steadily and stood approximately at 23 per cent. as on 30 June 2016 as compared with about 18.00 per cent. three years ago. Increased competition from banks in the new PV financing, product diversification initiatives by some NBFCs, and increased rural and semi-urban PV demand contributed to the higher share of used PVs in the overall NBFC PV credit.

The growth rate in the used PV segment has been higher due to the low base; portfolio CAGR over the fiscal 2013 to fiscal 2016 was approximately 20.00 per cent. as compared with the 11.00 per cent. growth rate in the new PV segment.



90+days delinquencies in the PV segment were largely stable in first quarter of Fiscal Year 2017 at approximately 3.2 per cent.. However, they continue to remain higher than the March 2015 levels of 2.9 per cent. (2.0 per cent. in March 2014). Increasing share of used PVs in the NBFC portfolios and their higher focus on the semi urban and rural segments, where the customer credit profile is moderate, have contributed to the build-up in the overall PV delinquencies.

Nevertheless, delinquencies in the PV segment continue to remain lower than in other asset classes.

### Tractor Loans

The total NBFC credit to the tractor segment grew by about 6.00 per cent. on a year-on-year basis and stood approximately at ₹260.00 billion as of 30 June 2016. The growth rates have moderated sharply over the last two years due to weak demand from farm and infrastructure segments.

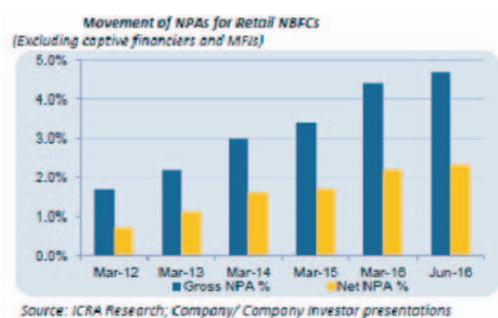
Deterioration in tractor segment asset quality and a fall in asset resale values have resulted in NBFCs tightening their credit appraisal norms over the last 12-15 months, but have not resorted to repossession in an aggressive manner. Credit to tractor segment is expected to remain moderate at approximately 5.00 to 7.00 per cent. in Fiscal Year 2017 based on the recovery observed in the tractor sales in the last few months and the expected demand pickup in second half of Fiscal Year 2017.

Delinquencies increased sharply in first quarter of fiscal 2016, with 90+dpd standing at 14.2 per cent. as of 30 June 2016 (10.3 per cent. as of 31 March 2016). The segment generally witnesses a jump in delinquencies in first quarter following the increased collection efforts by NBFCs in fourth quarter. The delinquencies were also affected in first quarter of fiscal year 2017 on account of the moderate cash flows for the borrower segment with weak farm incomes in the last three crop cycles. Delinquencies are likely to reduce in the medium term, with the expected improvement in farm output.

There has been a spike in domestic tractor sales volumes in the current fiscal with farm sentiments uplifted by reasonable rabi crop production, healthy rainfall precipitation as well as government support programmes. Buoyed by an upswing in monsoon, Kharif sowing has been better than previous year; higher sowing coupled with improved yields, is likely to support farm output in Fiscal Year 2017. Going forward, ability of NBFCs to keep delinquencies under control and undertake efficient collections as they move to tighter NPA recognition norms would be crucial.

### Asset Quality

The gross NPAs of retail-focused NBFCs (excluding captive financiers and MFIs) have increased to 4.7 per cent. in June 2016 as compared with 4.4 per cent. in March 2016 (3.5 per cent. in March 2015) because of weak asset quality performance of some large NBFCs and on account of the migration of NBFCs to tighter NPA recognition norms. Most asset classes however registered an improvement in asset quality performance as discussed earlier in the report. The regulatory minimum NPA recognition currently is for 150+dpd advances; NBFCs would have to move to NPA recognition norm of 90+dpd by 31 March 2018. It needs to be highlighted that NPA recognition policies of NBFCs are not uniform, with some players being more conservative than the present regulatory minimum of 150+dpd. As a result, the NPA movement at the consolidated level may not provide an accurate depiction of asset quality trends in the sector.



### Funding Profile

The cost of funds has moderated steadily in the recent past for NBFCs, with the reduction in systemic rates and a shift in the funding profile towards capital market instruments (NCD/CPs). The quarterly average cost of funds for NBFCs witnessed a 20-30bps reduction in the first quarter of Fiscal Year 2017 as compared to the previous quarter. The incremental cost of borrowing through capital market instruments witnessed moderation during first quarter of Fiscal Year 2017 and in the subsequent months of the current financial year. The cost of funds from the banking sector has also witnessed a steady reduction. The 12-month average cost of funds stood at 10.2 per cent. in June 2016 (10.3 per cent. in March 2016) as compared to 10.7 per cent. in March 2015.

## Profitability

Net income from operations (income from operations less interest expenses) ending June 2016 improved further to about 7.5 per cent. (from 7.3 per cent. in fiscal 2016) for NBFCs as interest costs moderated and business volumes expanded. The pickup in business demand environment resulted in a more effective deployment of funds in earning assets.

The average cost of operations for NBFCs were higher than in the past, and stood at approximately 3.27 per cent. in first quarter of fiscal year 2017 (3.23 per cent. in fiscal 2016).

Credit costs for NBFCs moderated slightly to 1.66 per cent. in first quarter of Fiscal Year 2017 as compared with 1.71 per cent. in fiscal 2016 on account of the credit growth and the moderation in incremental delinquencies.

Consequently, the return on average managed assets (PAT/AMA) improved to 1.8 per cent. as compared with 1.7 per cent. in fiscal 2016. ROE in first quarter of Fiscal Year 2017 stood at about 11.3 per cent.

(Source: ICRA Report- 'Indian Retail Non Banking Finance Market — QIFY 2016 Performance Update and Industry Outlook')

## THE AUTOMOBILE INDUSTRY

The Indian auto industry is one of the largest in the world with an annual production of 23.96 million vehicles in Fiscal Year 2015-16, following a growth of 2.58 per cent. over the last year. The automobile industry accounts for 7.1 per cent. of the country's GDP.

(Source: India Brand Equity Foundation and Society of Indian Automobile Manufacturers (SIAM))

### Production and Domestic Sales

(Units in millions)

Automobile Production Trends						
Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015 - 2016
Passenger Vehicles . . . . .	2.98	3.14	3.23	3.09	3.22	3.41
Commercial Vehicles . . . . .	0.76	0.93	0.83	0.70	0.70	0.79
Three Wheelers . . . . .	0.80	0.88	0.84	0.83	0.95	0.93
Two Wheelers . . . . .	13.35	15.43	15.74	16.88	18.49	18.83
<b>Grand Total . . . . .</b>	<b>17.89</b>	<b>20.38</b>	<b>20.64</b>	<b>21.50</b>	<b>23.36</b>	<b>23.96</b>

(Source: SIAM)

### Domestic automobile sales trends:

Domestic Sales: The growth rate for overall domestic sales during the period April 2015-March 2016 was 3.95 per cent. over the same period last year amounting to 20.46 million vehicles. During April 2015-March 2016, sales of passenger vehicles, overall CVs, two wheelers and three wheelers increased by 7.24 per cent., 11.51 per cent., 3.01 per cent. and 1.03 per cent., respectively, over April 2014-March 2015.

(Units in millions)

Automobile Domestic Sales Trends						
Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015 - 2016
Passenger Vehicles . . . . .	2.50	2.63	2.67	2.50	2.60	2.79
Commercial Vehicles . . . . .	0.68	0.81	0.79	0.63	0.61	0.68
Three Wheelers . . . . .	0.53	0.51	0.54	0.48	0.53	0.54
Two Wheelers . . . . .	11.77	13.41	13.80	14.81	15.98	16.45
<b>Grand Total . . . . .</b>	<b>15.48</b>	<b>17.36</b>	<b>17.79</b>	<b>18.42</b>	<b>19.72</b>	<b>20.46</b>

(Source: SIAM)

## Market Share:

Domestic Market Share	(Units in percentages)	
	2014-15	2015-16
Passenger Vehicles . . . . .	13.00	14.00
Commercial Vehicles . . . . .	3.00	3.00
Three Wheelers . . . . .	3.00	3.00
Two Wheelers . . . . .	81.00	80.00
Total . . . . .	100.00	100.00

(Source: SIAM)

## SIAM press release dated 8 December 2016

### Production

The industry produced a total 17,799,585 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-November 2016 as compared to 16,088,825 in April- November 2015, registering a growth of 10.63 per cent. over the same period last year.

### Domestic Sales

The sales of PVs grew by 9.84 per cent. in April-November 2016 over the same period last year. Within the PVs, passenger cars, utility vehicles and vans grew by 3.82 per cent., 33.35 per cent. and 3.99 per cent. respectively, during April-November 2016 over the same period last year.

The overall commercial vehicles segment registered a growth of 4.66 per cent. in April-November 2016 as compared to the same period last year. M&HCVs declined by (0.30) per cent. and Light CVs grew by 8.37 per cent. during April-November 2016 over the same period last year.

Three wheelers sales grew by 6.96 per cent. in April-November 2016 over the same period last year. Passenger and goods carrier sales grew by 5.00 per cent. and 16.32 per cent. respectively, in April-November 2016 over April-November 2015.

India has the second largest road network in the world, aggregating approximately 4.87 million kilometers. Approximately 65.00 per cent. of freight and 80.00 per cent. of passenger traffic is carried by the road network. The national highways carry approximately 40.00 per cent. of total road traffic.

(Source: Ministry of Road Transport and Highway)

As reported in the Economic Times on 21 February 2016, NHAI has awarded projects amounting to ₹348,000.00 million for construction of road network in the length of 2,819 kilometers for the year to date, of which, NHAI awarded construction orders worth ₹212,000.00 million amounting 1,923 km of road network.

(Source: Economic Times)

For 2016-17, a net investment of ₹970,000.00 million in the road sector, including Pradhan Mantri Gram Sadak Yojana allocation. The Finance Ministry has allotted ₹550,000.00 million for roads and highways excluding ₹150,000.00 million for NHAI's bonds in its budget for Fiscal Year 2016.

The Government has proposed to make the necessary amendments to the Motor Vehicle Act to open the road transport sector for the passenger segment.

(Source: Moneycontrol)

## BUSINESS

### OVERVIEW

We believe we are one of the largest asset financing non-banking finance companies (NBFC) in the organised sector in India that cater to first time users (FTU) and small road transport operators (SRTOs) for financing pre-owned commercial vehicles. In addition, we provide commercial vehicle finance for new commercial vehicles. We are amongst the leading NBFCs in the organised sector for the commercial vehicle industry in India for FTUs and SRTOs. We also provide financing for passenger commercial vehicles, multi-utility vehicles, three wheelers and tractors as well as ancillary equipment and vehicle parts finance, such as loans for tyres and engine replacements, and provide working capital facility for FTUs and SRTOs. We offer financial services to commercial vehicle operators, thereby providing comprehensive financing solutions to the road logistics industry in India.

In addition, our wholly owned subsidiary, Shriram Automall India Limited, provides fee-based facilitation services for the sale of pre-owned commercial vehicles and auctioning of pre-owned commercial vehicles, as well as commercial vehicles repossessed by financing companies.

Our Company was established in 1979 and we have 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 Reserve Bank of India (RBI) since 4 September 2000 under Section 45IA of the Reserve Bank of India Act, 1934. We are 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. Notably, our Company registered with Insurance Regulatory and Development Authority of India as a corporate agent to deal in general insurance and life insurance in 2013.

Our widespread network of branches across India has been a key driver of our growth over the years. As of 30 September 2016, we have 899 branches across India, including most of the major commercial vehicle hubs along various road transportation routes in India. We have also established our presence in 906 rural centres as of 30 September 2016, with a view towards increasing our market share in the pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have also strategically expanded our marketing network and operations by entering into partnership and co-financing arrangements with private financiers in the unorganised sector involved in commercial vehicle financing. As of 30 September 2016, the total number of our employees was 17,162.

We have demonstrated consistent growth in our business and in our profitability. Our assets under management has grown from ₹538,345.06 million (comprising assets under management in the books of our Company of ₹372,917.14 million and loan assets securitised and assigned of ₹165,427.92 million) as of 31 March 2014 on an unconsolidated basis to ₹734,066.17 million (comprising assets under management in the books of our Company of ₹625,403.33 million and loan assets securitised and assigned of ₹108,662.84 million) as of 31 March 2016 on an unconsolidated basis. Our assets under management as of 30 September 2016 was ₹759,792.42 million (comprising assets under management in the books of our Company of ₹643,534.37 million and loan assets securitised and assigned of ₹108,348.21 million). Our capital adequacy ratio as of 30 September 2016 and 31 March 2016 computed on the basis of applicable RBI requirements was 17.44 per cent. and 17.56 per cent., respectively, on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.00 per cent. Our Tier I capital as of 30 September 2016 and 31 March 2016 was ₹99,808.28 million and ₹93,022.96 million, respectively, on an unconsolidated basis. Our Gross NPAs as a percentage of total loan assets was 6.59 per cent. and 6.19 per cent. as of 30 September 2016 and 31 March 2016, respectively. Our net NPAs as a percentage of net loan assets was 2.04 per cent. and 1.91 per cent. as of 30 September 2016 and 31 March 2016, respectively, on an unconsolidated basis.

Our total income on an unconsolidated basis increased from ₹78,882.59 million in fiscal 2014 to ₹102,452.61 million in fiscal 2016. Our total income on an unconsolidated basis for the six months ending 30 September 2016 is ₹54,008.70 million (U.S.\$810.22 million). Our net profit after tax decreased from ₹12,642.08 million in fiscal 2014 to ₹11,781.97 million in fiscal 2016. Our net profit after tax for the six months ending 30 September 2016 is ₹7,617.51 million (U.S.\$114.27 million). A summary of our key operational and financial parameters for the last three completed fiscal years, as specified below are as follows:

	As of and for the fiscal year ended 31 March			As of and for the three months ended 30 September	
	2014	2015	2016	2016	2016
	(₹ million)			(U.S.\$ million) <sup>(1)</sup>	
	(consolidated)			(unconsolidated)	
Net worth <sup>(2)</sup> . . . . .	84,665.30	92,289.23	101,531.48	109,003.37	1,635.22
Total borrowing . . . . .	386,304.74	466,945.21	497,900.09	518,280.49	7,775.03
of which					
Non-current maturities of long					
term borrowing . . . . .	239,620.84	328,555.84	302,688.87	319,743.14	4,796.66
Short term borrowing . . . . .	33,937.80	29,526.29	33,304.44	37,164.87	557.53
Current maturities of long term					
borrowing . . . . .	112,746.10	108,863.08	161,906.78	161,372.48	2,420.84
Fixed assets . . . . .	1,548.31	1,542.57	1,521.12	935.62	14.04
Non-current assets . . . . .	246,722.54	338,106.66	447,106.53	475,468.72	7,132.79
Cash and cash balances . . . . .	71,184.37	47,611.79	23,655.50	35,028.91	525.49
Current investments . . . . .	20,374.63	22,129.21	1,169.92	2,500.00	37.50
Current assets . . . . .	276,501.33	283,429.48	233,028.14	239,477.63	3,592.55
Current liabilities . . . . .	175,590.26	171,886.07	235,629.10	243,051.51	3,646.16
Assets under management . . . . .	572,528.96	626,260.00	734,066.17	759,792.42	11,398.09
Off Balance sheet assets <sup>(3)</sup> . . . . .	165,427.92	98,300.04	108,662.84	116,258.05	1,744.06
Provisioning and write-offs . . . . .	12,132.09	16,122.24	20,585.75	9,194.20	137.93
Profit after tax from operations . . . . .	13,579.37	10,284.45	11,836.19	7,617.51	114.27

Notes:

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.
- (2) Net worth consists of share capital and reserves and surplus minus miscellaneous expenditure (to the extent not written off or adjusted).
- (3) Off balance sheet assets means hypothecation loans securitised till date.

	As of and for the fiscal year ended 31 March			For the six months ended 30 September		
	2014	2015	2016	2015	2016	2016
	(₹ million)			(U.S.\$ million) <sup>(1)</sup>		
	(consolidated)			(unconsolidated)		
Interest income . . . . .	79,537.46	86,903.70	99,037.73	46,565.37	53,654.07	804.90
Interest expense . . . . .	39,054.25	44,914.58	49,430.74	23,372.15	25,757.55	386.40

Note:

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

The following table sets forth, as of the dates indicated, data regarding our NPAs and capital adequacy ratios on an unconsolidated basis:

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
	(in ₹ millions except percentages)				(U.S.\$ in millions except percentages) <sup>(1)</sup>
Gross NPA <sup>(2)</sup> . . . . .	14,505.03	18,941.39	38,702.38	42,420.35	636.37
Net NPA <sup>(3)</sup> . . . . .	3,029.12	3,791.21	11,436.97	12,518.40	187.80
Total loan assets . . . . .	372,917.14	497,974.11	625,403.33	643,534.37	9,654.04
Net loan assets <sup>(4)</sup> . . . . .	361,441.23	482,823.93	598,137.92	613,632.42	9,205.46
Percentage of gross NPA to total loan assets . . . . .	3.89	3.80	6.19	6.59	6.59
Percentage of Net NPA to Net Loan Assets . . . . .	0.84	0.79	1.91	2.04	2.04
Tier I Capital Adequacy Ratio (per cent.) . . . . .	17.69	16.40	14.71	15.28	15.28
Tier II Capital Adequacy Ratio (per cent.) . . . . .	5.68	4.12	2.85	17.44	17.44

*Note:* The information above excludes securitised and assigned assets.

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.
- (2) Gross NPA means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts.
- (3) Net NPA means Gross NPA net off provision held for NPA accounts.
- (4) Net Loan Assets means total loan assets as adjusted for provisions for non-performing assets.

## RECENT DEVELOPMENTS

Our loan disbursements are made entirely through electronic means via our customers' bank accounts. However, our collection of financings provided to the pre-owned CV segment involves a heavy reliance on cash collections from truck operators, a process of which has been affected by India's recent demonetisation of high denomination currency notes. See "*Risk Factors — Risks relating to India - The demonetisation of high denomination Indian currency notes could impact our business and financial performance.*" We have taken necessary steps to reorient our existing loan recovery and collection model such as including the use of mobile POS terminal at all of our branches to facilitate card transactions for repayment, educating borrowers on the use of digital payment systems and assisting borrowers to install and use payment applications on their smartphones such as mobile wallets, UPI, NACH and USSD. Through our efforts, we believe the recent demonetisation has had limited impact on our business. For example, our overall collection efficiency level of our assets under management for November 2016 was 92.14 per cent. as compared to 95.7 per cent. for October 2016 of our expected recovery amount.

## OUR STRENGTHS

We believe that the following are our key strengths:

### *One of the largest asset financing NBFCs in India*

We believe we are one of the largest NBFCs in the organised sector in India that cater to FTUs and SRTOs for financing pre-owned commercial vehicles. Our widespread network of 899 branches across India and presence in 906 rural centres as of 30 September 2016 enables us to access a large base of approximately 1.35 million customers, including most major and minor commercial vehicle hubs along various road transportation routes in India. We believe that our widespread branch network enables us to service and support our existing customers from proximate locations which provide customers easy access to our services. We have also strategically expanded our marketing and customer origination network by entering into partnership and co-financing arrangements with private financiers involved in commercial vehicle financing. We believe our relationship with these partners is a critical factor in sourcing new customers and enhancing reach and market share with a low upfront capital cost. We believe the relationships we have developed with our customers provide us with opportunities for repeat business and to cross-sell our other products as well as derive benefit from customer referrals.

Our assets under management on an unconsolidated basis as of 30 September 2016 and 31 March 2016 was ₹759,792.42 million (U.S.\$11,398.09 million) (comprising assets under management in the books of our Company of ₹643,534.37 million (U.S.\$9,654.04 million) and loan assets securitised and assigned of ₹116,258.05 million (U.S.\$1,744.06 million) ) and ₹734,066.17 million (comprising assets under management in the books of our Company of ₹625,403.33 million and loan assets securitised and assigned of ₹108,662.84 million), respectively. As of 30 September 2016, our share capital was ₹2,269.07 million (U.S.\$34.04 million) and reserves and surplus was ₹106,889.59 million (U.S.\$1,603.51 million) on an unconsolidated basis. Our capital adequacy ratio as of 30 September 2016 and 31 March 2016 computed on the basis of applicable RBI requirements was 17.44 per cent. and 17.56 per cent., respectively on an unconsolidated basis, compared to the RBI stipulated minimum requirement of 15.00 per cent. Our Tier I capital as of 30 September 2016 and 31 March 2016 was ₹99,808.28 million (U.S.\$1,497.28 million) and ₹93,022.96 million, respectively, on an unconsolidated basis.

### *Unique business model with a strong brand name and a track record of strong financial performance*

We believe that FTUs and SRTOs are not a focus segment for commercial banks in India as these customers lack substantial credit histories and other financial documentation on which many banks rely to identify and target new customers. As the market for commercial vehicle financing, especially pre-owned commercial vehicle financing, is fragmented, we believe our credit evaluation techniques, relationship-based approach, extensive branch network and strong valuation skills make our business model unique and sustainable as compared to other financiers. In addition, we believe that our business model is easily scalable at local levels throughout India, since we can recruit staff from India's abundant labour markets. We have an established track record of developing and training recruits on our internally developed valuation techniques, substantial customer knowledge and relationship culture we have developed over the past three decades. We believe this is a key strength that is difficult to replicate and constitutes a high barrier to entry which enables us to provide finance to pre-owned commercial vehicle operators at favourable interest rates and repayment terms as compared to private financiers in the unorganised sector.

Our targeted focus on the otherwise fragmented nature of this market segment, our widespread branch network, particularly in commercial vehicle hubs across India, as well as our large customer base has enabled us to build a strong brand. We believe our efficient credit approval procedures, credit delivery process and relationship-based loan administration and monitoring methodology have also aided in

increasing customer loyalty and earning repeat business and customer referrals. As a result, we received the “India No. 1 Brand Award” for the best vehicle finance company category from the Indian Brand Convention in 2015, and accordingly we believe that our “Shriram” brand is synonymous with pre-owned commercial vehicle financing in the Indian mass market.

#### *Access to a range of cost effective funding sources*

We fund our capital requirements through a variety of sources. As of 30 September 2016, 81.21 per cent. of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 18.79 per cent. consisted of funds raised through retail borrowings on an unconsolidated basis. We meet our funding requirements predominantly through term loans from banks (including cash credit), the issue of redeemable non-convertible debentures and fixed deposits, which constituted 36.71 per cent., 36.67 per cent. and 16.14 per cent. of our total borrowings, respectively, as of 30 September 2016 on an unconsolidated basis. We access funds from a number of credit providers, including 65 banks comprising nationalised banks, private Indian banks and foreign banks, and we believe our track record of debt servicing has allowed us to establish and maintain strong relationships with these financial institutions, some of which we have worked with for more than ten years. As a deposit-taking NBFC, we are also able to mobilise fixed deposits as well as secured and unsecured non-convertible debentures at competitive rates at the retail level. We have also raised subordinated loans eligible for Tier II capital. We undertake securitisation and assignment transactions as a cost effective source of funds.

In relation to our long-term debt instruments, we currently have long-term ratings of ‘CARE AA+’ from Credit Analysis and Research Ltd. (CARE), ‘IND AA+’ from India Ratings and Research and ‘CRISIL AA+/Stable’ from CRISIL Limited (CRISIL). In relation to our short-term debt instruments, we have also received short-term ratings of ‘CRISIL A1+’ from CRISIL.

We believe that we have been able to achieve a relatively stable cost of funds, primarily due to our improved credit ratings, effective treasury management and innovative fund raising programs. For the years ended 31 March 2014, 2015 and 2016, our cost of borrowing was 10.39 per cent., 10.07 per cent. and 9.87 per cent. of our total costs, respectively. For the six months ended 30 September 2016, our cost of borrowing was 9.75 per cent. of our total costs. We believe we are able to borrow from a range of sources at competitive rates.

The RBI currently mandates commercial banks operating in India to maintain an aggregate 40.0 per cent. of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises (including SRTOs, which constitute the largest proportion of our loan portfolio), micro enterprises within the micro and small enterprises sector, export credit, advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions like us that are better positioned to or exclusively focus on originating such assets through purchase of assets or securitised and assigned pools to comply with these targets. We believe our securitised and assigned asset pools are particularly attractive to these banks as such transactions provide them with an avenue to increase their asset base through low-cost investments and limited risk. We believe we can negotiate competitive interest rates with banks, NBFCs and other lenders since the majority of our loan portfolio is classified as priority sector lending. As of 30 September 2016, the total book value of loan assets securitised and assigned on an unconsolidated basis was ₹50,582.83 million (U.S.\$758.82 million). In fiscals 2014, 2015 and 2016 the total book value of loan assets securitised and assigned on an unconsolidated basis was ₹106,795.48 million, ₹44,814.25 million and ₹89,917.52 million, respectively.

### *Extensive experience and expertise in credit appraisal and collection processes*

We believe we have developed a unique business model that addresses the needs of a specific market segment with increasing demand. We focus on closely monitoring our assets and borrowers through product executives who develop long-term relationships with FTUs and SRTOs, which enable us to capitalise on local knowledge. We follow stringent credit policies, including limits on customer exposure, to ensure the asset quality of our loans and the security provided for such loans. Further, we have nurtured a culture of accountability by making our product executives responsible for loan administration and monitoring as well as recovery of the loans they originate.

Extensive expertise in asset valuation is a pre-requisite for any NBFC providing loans for pre-owned assets. Over the years, we have developed expertise in valuing pre-owned vehicles, which enables us to accurately determine a recoverable loan amount for commercial vehicle purchases. We believe a tested valuation technique for these assets is a crucial entry barrier for others seeking to enter our market segment. Furthermore, our entire recovery and collection operation is administered in-house and we do not outsource loan recovery and collection operations. We believe that our loan recovery procedure is particularly well-suited to our target market in the commercial vehicle financing industry, as reflected by our high loan recovery ratios compared to others in the financial services industry, and we believe that this knowledge and relationship-based recovery procedure is difficult to replicate in the short to medium term.

Our Gross NPAs as a percentage of total loan assets was 6.59 per cent. and 6.19 per cent. as of 30 September 2016 and 31 March 2016, respectively. Our Net NPAs as a percentage of net loan assets was 2.04 per cent. and 1.91 per cent. as of 30 September 2016 and 31 March 2016, respectively, on an unconsolidated basis.

### *Positive long-term industry prospects*

We believe the market we serve enjoys positive long-term prospects as a result of favourable macro- and microeconomic factors, including the favourable inflation and interest rate environment in India, further liberalisation initiatives and the opening of economy by the Government, leading to increased business for our customers, which would in turn lead to a higher demand for the vehicles we finance.

Total commercial vehicles sales volumes grew by 11.50 per cent. year-on-year in April 2015-March 2016 over April 2014-March 2015, mainly aided by a strong growth in medium and heavy commercial vehicles sales, aided by strong replacement demand from large fleet operators and advancement in purchases due to expected price hikes from October 2015. We expect this growth which was due primarily to growth in the commercial vehicle industry, as well as the corresponding growth in commercial vehicle financing will continue following further modernisation of India's trucking industry, a structural shift to a hub-and-spoke model for trucking services, an improvement of road infrastructure and growing freight capacity. See "*Industry — Commercial Vehicle Industry.*"

We also expect Government investments in roads and highways will support growth in the commercial vehicle industry. Between fiscal 2009 and fiscal 2014, the number of vehicles operating in India has increased at an average pace of 10.16 per cent. per annum. As a result of the need to create an adequate road network to serve increased traffic and movement of goods in India, the Government has planned significant investments in infrastructure to develop India's roads. Currently, India has the second largest road network in the world, totalling approximately 4.87 million kilometres according to the National Highways Authority of India.

The Indian Government is currently considering proposals, taking into account the views of the National Green Tribunal (NGT), to ban commercial vehicles older than 10 years to reduce pollution. If these proposals are enacted by the Indian Government, this may result in a change in the Asset Under Management (AUM) portfolio of our Company and the percentage of loans financed for the purchase of new vehicles may gradually increase.

### ***Experienced senior management team***

As of the date of this Offering Circular, our board of directors (the **Board**) consists of ten directors with extensive experience in the automotive and/or financial services sectors. Our Company offers robust internal training programmes and has availed itself to an organically developed pool of talented members. Our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. Certain members of our senior management team have more than 15 years of experience with our Company. Our management promotes a result-oriented culture that rewards our employees on the basis of merit. In order to strengthen our credit appraisal and risk management systems, and to develop and implement our credit policies, we have hired a number of senior managers who have extensive experience in and knowledge of the Indian banking and financial services sector and in specialised lending finance firms providing loans to retail customers. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

### **OUR STRATEGIES**

Our key strategic priorities are as follows:

#### ***Further expand operations by growing our branch network and presence in rural centres and increasing partnership and co-financing arrangements with private financiers***

We intend to continue to strategically expand our operations in target markets that are large commercial vehicle hubs by establishing additional branches. Our marketing and customer origination and servicing efforts strategically focus on building long-term relationships with our customers and address specific issues and local business requirements of potential customers in a particular region. We also intend to increase our operations in certain regions in India where we historically had relatively limited operations, such as in eastern and northern parts of India, and to further consolidate our position and operations in western and southern parts of India. We have also adopted a strategy of establishing our presence in rural centres with a view towards increasing our presence in the pre-owned commercial vehicle market and reaching out to relatively a newer customer segment in rural areas. We had presence in 906 rural centres as of 30 September 2016 and propose to continue to increase our presence in such rural centres across India. We also provide loans for new commercial vehicles, in addition to our policy of providing finance for vehicles which are between five to twelve years old with a view of expanding our reach and diversifying our portfolio.

The pre-owned commercial vehicle financing industry in India is dominated by private financiers in the unorganised sector. We intend to continue to strategically expand our marketing and customer origination network by entering into partnership and co-financing arrangements with private financiers across India involved in commercial vehicle financing. However, the hypothecations granted in connection with these co-financing arrangements will remain solely in our favour.

#### ***Continue to develop our Automall business through our wholly owned subsidiary Shriram Automall India Limited***

Through our wholly owned subsidiary Shriram Automall India Limited, we are developing hubs across India called Automalls which are aimed at providing a fee-based facilitation services for the sale of pre-owned commercial vehicles, construction and other equipment and auction pre-owned commercial vehicles, as well as commercial vehicles repossessed by financing companies. Our Automalls serve as a one-stop shop catering to the various needs of commercial vehicle and equipment users, banks, NBFCs and other lenders who wish to dispose of repossessed assets, automobile and equipment dealers and manufacturers. As of 30 September 2016, we had 61 operational Automalls, where we currently are providing fee-based services to facilitate the sale of pre-owned commercial vehicles and

equipment. We provide valuation services and end-to-end “refurbishing” services relating to automobiles and equipment at our Automalls. We work in close alliance with various banks and financial institutions, vehicle and equipment users, manufacturers, and dealers to consolidate and develop our Automall business to cater to their specific requirements.

We believe our Automalls create a market for pre-owned trucks in an organised and transparent manner, which:

- results in fee-based income;
- offers lending opportunities to our Company;
- eases liquidation of assets repossessed by our Company; and
- enables us to institutionalise valuation practices and create valuation benchmarks.

### ***Optimise funding costs***

We believe we can increase our profitability by optimising our funding costs. This would include use of new products available to us in the international capital markets, including through the issue of the Notes, as well as ensuring that we favourably match our short-term and long-term sources of funds with their deployment. We have a diversified source for funding which comprises of capital market instruments, bank borrowings with a lender base of 65 banks and institutions, securitisation and retail borrowings. Our portfolio qualifies for the priority sector advances for scheduled commercial banks (as investor in our securitised loans), which helps reduce our borrowing costs. We have also focused on gradually increasing the proportion of retail borrowings to diversify our funding source. We have effectively tapped the retail investor segment in the past six years through our fixed deposit programme and regular public issue of non-convertible debentures. Our institutional debenture issuance has varied investor base including mutual funds, banks, foreign portfolio investors, insurance companies, financial institutions, trusts and body corporates. We believe that our ability to diversify our resource profile will enable us to further optimise our funding cost.

### ***Cross-sell our product portfolio***

By offering additional downstream products, such as ancillary loans and freight bill discounting, we maintain contact with the customer throughout the product lifecycle and increase our revenues. We believe the relationships we have developed with our customers provide us with opportunities for repeat business and to cross-sell our other products and products of our affiliates. We seek to continue consolidating our product portfolio so as to create greater synergies with our primary business of commercial vehicle financing.

### ***Continue to implement advanced processes and systems***

Our information technology strategy is designed to increase our operational and managerial efficiency. We aim to increasingly use technology in streamlining our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We aim to continue to implement technology-led processing systems to make our appraisal and collection processes more efficient, to facilitate rapid delivery of credit to our customers and to augment the benefits of our relationship-based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities.

## **OUR COMPANY'S FINANCIAL PRODUCTS**

### ***Commercial Vehicle Finance***

We are principally engaged in the business of providing commercial vehicle financing to FTUs and SRTOs. FTUs are principally former truck drivers who purchase trucks for use in commercial operations and SRTOs are principally small transport operators owning between one and four used commercial vehicles. Our financing products are principally targeted at the financing of pre-owned trucks and other commercial vehicles, although we also provide financing for new commercial vehicles. The pre-owned commercial vehicles we finance are typically between five and 12 years old. We also provide financing for other kinds of pre-owned and new commercial vehicles, including passenger vehicles, multi-utility vehicles, tractors and three wheelers.

### ***Vehicle Parts Finance and Other Ancillary Activities***

Our customers also require financing for the purchase of vehicle parts in connection with the operation of their trucks and other commercial vehicles. We also offer financing for the acquisition of new and pre-owned vehicle equipment and accessories, such as tyres, engines, chassis, and other vehicle parts.

Our Company deals in life insurance and general insurance products.

## **OUR COMPANY'S OPERATIONS**

### ***Customer Origination***

#### ***Customer Base***

Our customer base is predominantly FTUs and SRTOs and other commercial vehicle operators, and smaller construction equipment operators. We also provide trade finance to commercial vehicle operators. These customers typically have limited access to bank loans for commercial vehicle financing and limited credit histories. Our loans are secured by a hypothecation of the asset financed.

#### ***Branch Network***

As of 30 September 2016, we have a wide network of 899 branches across India and 17,162 employees. We have established branches at most major commercial vehicle hubs along various road transportation routes across India. A typical branch comprises 15 to 20 employees, including the branch manager. As of 30 September 2016, all of our branch offices were connected to servers at our corporate office to enable real time information with respect to our loan disbursement and recovery administration. Our customer origination efforts strategically focus on building long-term relationships with our customers and address specific issues and local business requirements of potential customers in a specific region.

#### ***Partnership and Co-financing Arrangements with Private Financiers***

SRTOs and FTUs generally have limited banking habits and credit history as well as inadequate legal documentation for verification of creditworthiness. In addition, because of the mobile nature of the hypothecated assets, SRTOs and FTUs have limited access to bank financing for pre-owned and new commercial vehicle financing. As a result, the pre-owned truck financing market in India is dominated by private financiers in the unorganised sector. We have strategically expanded our marketing and customer origination network by entering into partnership and co-financing arrangements with private financiers across India involved in commercial vehicle financing.

We enter into strategic partnership agreements with private financiers ranging from individual financiers to small local private financiers, including other NBFCs. We have established a stable relationship with our partners through our extensive branch network. As a result of the personnel-intensive requirements of our business model, we rely on partnership arrangements to effectively leverage the local knowledge, infrastructure and personnel base of our partners.

Our partners source applications for pre-owned and new commercial vehicle financing based on certain assessment criteria we specify, and are generally responsible for ensuring the authenticity of the customer information and documentation. The decision to approve a loan is, however, at our discretion. In the event that we reject an application, our partners may directly arrange financing for such customer or approach another financier in connection with the proposed financing.

Our partners are responsible for obtaining all necessary documentation in connection with the loan proposals they originate. Partners are responsible for collection of instalments and penalties for all customers they originate. Partners are also responsible for any repossession of vehicles in the event of a default of a loan by customers they originate. However, the hypothecation of the vehicles financed are in the favour of our Company and not in the favour of our partners.

A typical co-financing or partnership agreement stipulates the revenue-sharing ratio, amounts payable as quarterly advance payments to the partner, and details related to the retention of earnest money. Specifically, we typically stipulate a certain income-sharing arrangement on the interest on the loan, net of our cost of funding. Since the partner's share of income is only determined upon settlement of the individual loan contracts, we typically release quarterly advance payments to our partner. These payments are net of the earnest money deposit, which represents a pre-agreed percentage of the partner's revenue share. We allocate the earnest money towards a loan loss pool, as well as for business expansion purposes. Loan loss is typically calculated as our loss on principal and reimbursed expenses on loans from customers sourced by the partner, with interest at the rate of our cost of funds. The loss is shared between the parties in the same proportion as income. The parties usually stipulate that the amount available as earnest money deposit is in excess of a certain percentage of future receivables and may be withdrawn by the partner.

#### *Other Marketing Initiatives*

We continue to develop innovative marketing and customer origination initiatives specifically targeted at FTUs and SRTOs.

Further, through our wholly owned subsidiary Shriram Automall India Limited, we are developing hubs across India called Automalls. Our Automalls are being developed as a one-stop shop catering to the various needs of commercial vehicle and equipment users, banks and financial institutions who wish to dispose of repossessed assets, automobile and equipment dealers and manufacturers. As of 30 September 2016, we had 61 operational Automalls.

#### *Branding/advertising*

We use the brand name "Shriram" for marketing our products pursuant to a licence agreement dated 21 November 2014 with Shriram Ownership Trust (SOT). Our brand is well recognised in India given its association with the brand of our promoter and our own brand promotion efforts. We have launched various publicity campaigns through print and other media specifically targeted at our target customer profile, FTUs and SRTOs, to create awareness of our product features, including our speedy loan approval process, with the intention of creating and enhancing our product identity. We believe that our emphasis on product promotion will be a significant contributor to our results of operations in future.

## *Customer Evaluation, Credit Appraisal and Disbursement*

Due to our customer profile, in addition to a credit evaluation of the borrower, we rely on guarantor arrangements, the availability of security, referrals from existing relationships and close client relationships in order to manage our asset quality. All customer origination and evaluation, loan disbursement, loan administration and monitoring as well as loan recovery processes are carried out by our product executives. We do not utilise or engage direct selling or other marketing and distribution agents or appraisers to carry out these processes. We follow certain procedures for the evaluation of the creditworthiness of potential borrowers. The typical credit appraisal process is described below:

### *Initial Evaluation*

When a customer is identified and the requisite information for a financing proposal is received, a branch manager or product executive meets with the customer to assess the customer's loan requirements and creditworthiness. The proposal form requires the customer to provide information on the customer's age, address, employment details and annual income, as well as information on outstanding loans and the number of commercial vehicles owned. The customer is required to provide proof of identification and residence for verification purposes. In connection with the loan application, the customer is also required to furnish a guarantor, typically another commercial vehicle owner, preferably an existing or former customer. Detailed information relating to the guarantor is also required.

For pre-owned commercial vehicles, our executives prepare a vehicle inspection and evaluation report to ascertain, among other matters, the registration details of the vehicle, as well as its condition and market value. A field investigation report is also prepared relating to the place of residence and of various movable and immovable properties of the customer and the guarantor. Each application also requires two independent references to be provided.

### *Credit Policies*

We follow stringent credit policies to ensure the asset quality of our loans and the security provided for those loans. Any deviation from such credit policies in connection with a loan application requires prior approval. Our credit policies include the following:

*Vehicle type.* We only finance vehicles that are used for commercial purposes. As these are income-generating assets, we believe that this asset type reduces our credit risk.

*Hypothecation.* Our loans generally include hypothecations in our favour.

*Guarantor requirement.* Loans must be secured by the personal guarantee of the borrower as well as at least one third party guarantor. The guarantor must be a commercial vehicle owner, preferably our existing or former customer, and preferably operating in the same locality as the borrower.

*Insurance.* All vehicles are required to be insured.

*Loan approval guidelines.* From time to time, our management lays down loan approval parameters which are typically linked to the value of the vehicle(s).

*Age limit for pre-owned vehicles.* We typically extend loans to vehicles that are less than 12 years old.

*Period.* The maximum period for repayment in case of assets shall not be more than 96 months.

*Release of documents on full repayment.* Security received from the borrower is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower.

*RTO records.* In the case of pre-owned vehicle financing, Regional Transport Office (**RTO**) records are inspected for non-payment of road tax, pending court cases, and other issues, and the records retained as part of the loan documentation.

*Physical inspection and trade reference.* In the case of all pre-owned vehicle financing, the branch manager must physically inspect the vehicle and assess its value. The branch manager's determination regarding the condition of the vehicle is recorded in the evaluation report of the vehicle. The branch manager must also conduct contact point verification as well as a trade reference check of the borrower before an actual disbursement is made, and such determination is recorded in the proposal evaluation records.

### *Approval Process*

The branch manager evaluates the loan proposal based on supporting documentation and various other factors. The primary criteria for approval of a loan proposal is based on the guarantee provided by another commercial vehicle operator, preferably an existing or previous customer, as well as the valuation of the asset to be secured by the loan. In addition, our branch managers may also consider other factors in the approval process, such as length of residence, past repayment record and income sources.

The branch manager is authorised to approve a loan if the proposal meets the criteria established for the approval of a loan. We inform the customer of the outcome of the approval process, as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualised) and the application of such interest during the tenure of the loan.

A chassis print of the vehicle is also obtained and maintained in the loan file. The relevant RTO endorsement forms are also required to be executed by the borrower prior to the disbursement of the loan. Prior to the loan disbursement, the loan officer ensures that a KYC checklist is completed by the Applicant. The loan officer verifies such information provided and includes such records in the relevant loan file. The loan officer is also required to ensure that the contents of the loan documents are explained in detail to the borrower, either in English or in the local language of the borrower, and a statement to such effect is included as part of the loan documentation. The borrower is provided with a copy of the loan documents executed by him.

### *Disbursement*

Margin money and other charges are collected prior to loan disbursements. The disbursing officer retains evidence of the customer's acceptance of the terms and conditions of the loan as part of the loan documentation. Although our customers have the option of making payments by cash or cheque, we may require the customer to submit post-dated cheques covering an initial period prior to any loan disbursement. Our Company has initiated steps to encourage the customers to make payment of loan instalments through internet banking and card payment. For pre-owned vehicles, an endorsement of the registration certificate as well as the insurance policy must be executed in our favour.

### *Loan Administration and Monitoring*

The borrower and the relevant guarantor are required to execute a standard form of Loan cum Hypothecation Agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the Loan cum Hypothecation Agreement, which generally sets out monthly repayment

terms. The Loan cum Hypothecation Agreement also requires a promissory note to be executed containing an unconditional promise of payment to be signed by both the borrower and the relevant guarantor. A power of attorney authorising, among others, the repossession of the hypothecated vehicle upon loan payment default, is also required to be executed.

We provide three payment options: cash, cheque or demand draft. Repayments are made in monthly instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. As a service to our customers, our product executives offer to visit the customers on the payment date to collect the instalments due. We track loan repayment schedules of our customers, on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the vehicles financed and location of the customer.

Our management information system (**MIS**) department and centralised operating team monitors compliance with the terms and conditions for credit facilities. We monitor the completeness of documentation and creation of security through regular visits to our branches by our regional as well as head office executives and internal auditors. All borrower accounts are reviewed at least once a year, with a higher frequency for larger exposures and delinquent borrowers. Our lending team reviews collections regularly, personally contacts borrowers that have defaulted on their loan payments and conducts day-to-day operations including collection of instalments from 150 to 200 borrowers each, depending on territorial dispersal. Each branch customarily limits its commercial vehicle financing loans to approximately 1,500 customers, which enables closer monitoring of receivables. A new branch is opened to handle additional customers beyond that limit to ensure appropriate risk management. Close monitoring of debt servicing efficiency enables us to maintain high recovery ratios.

### ***Collection and Recovery***

We believe that our loan recovery procedure is particularly well suited to our target market in the commercial vehicle financing industry, as reflected by our high loan recovery ratios. The entire collection operation is administered in-house and we do not outsource loan recovery and collection operations. In the case of default, the reasons for the default are identified by the local product executive and appropriate action is initiated, such as requiring partial repayment and/or seeking additional guarantees or collateral.

For every 30 days of delay in loan instalment payments, the matter is escalated to our branch managers. In the event of a default on three loan instalments, the branch manager is required to make a personal visit to the borrower to determine the gravity of the loan recovery problem and in order to exert personal pressure on the borrower.

We may initiate the process for repossession of the vehicle in the event of a default. Branch managers are trained to repossess vehicles and no external agency is involved in such repossession. Repossessed vehicles are held at designated secured facilities for eventual sale. The notice to the customer specifies the outstanding amount to be paid within a specified period, failing which the vehicle may be disposed of. In the event there is a shortfall in the recovery of the outstanding amount from the sale of the vehicle, legal proceedings against the customer may be initiated.

The laws governing the registration of motor vehicles in India effectively establish vehicle ownership, as well as the claims of lenders. As a result, vehicle repossession in the event of default is a relatively uncomplicated procedure, such that the possibility of repossession provides an effective deterrent against default.

## Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of stringent credit evaluation tools, limiting customer and vehicle exposure, and direct interaction with customers. In addition to our credit evaluation and recovery mechanism, our asset-backed lending model and adequate asset cover has helped maintain low gross and net NPA levels. We believe we provide finance to pre-owned commercial vehicle operators at a reasonable interest rate, making repayment more manageable for FTUs and SRTOs.

### *Classification of Assets*

The RBI requires every deposit-accepting NBFC to classify its lease/hire purchase assets, loans, advance and other forms of credit into standard, sub-standard, doubtful or loss assets. Our Company has been following the classification norms prescribed by the RBI. For further information on the RBI guidelines on classification of assets, refer to the section titled “*Regulation and Policies in India*”.

### *Provisioning and Write-offs*

The Company is required, after taking into account the time lag between an account becoming non-performing and its recognition as such, the realisation of the security, and the erosion over time in value of the security charged, to make provisions against sub-standard, doubtful and loss assets in accordance with the directions issued by RBI. The RBI mandates 100.00 per cent. provision coverage for loss assets that remain on the accounting books of NBFCs, 100.00 per cent. for unsecured doubtful assets and between 20.00 per cent. to 50.00 per cent. for secured doubtful assets depending upon the period for which the asset has remained doubtful and a general provision of 10 per cent. for substandard assets. Provision coverage refers to the ratio of NPA provision over the Gross NPA. During the year ended March 31, 2016, the Company has revised its estimate for provision on non-performing assets from 80.00 per cent. to 70.00 per cent. As of 30 September 2016, we maintain provision coverage of 70.49 per cent. for our NPAs. Due to an RBI circular dated 27 March 2015 on the tightening of NPA norms, the Company has started reducing its provision coverage ratio, which has consequently increased the net NPA of the Company. We also consider field reports and collection patterns at regular intervals to anticipate the need of higher provisioning.

The provisions on standard assets is not reckoned for arriving at net NPAs. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as ‘Contingent Provisions against Standard Assets’ in the balance sheet. In terms of the RBI requirements, our Company is allowed to include the ‘General Provisions on Standard Assets’ in Tier II capital which together with other ‘general provisions/loss reserves’ will be admitted as Tier II capital only up to a maximum of 1.25 per cent. of the total risk-weighted assets.

A description of the applicable RBI guidelines on provisioning and write-offs for loans, advances and other credit facilities, including bills purchased and discounted, is provided under the section titled “*Regulation and Policies in India*”.

The RBI currently mandates deposit taking NBFCs to maintain provision coverage of 0.30 per cent. for standard assets. The RBI has recently mandated deposit taking NBFCs to increase provision coverage for standard assets to 0.30 per cent. as of 31 March 2016, 0.35 per cent. as of 31 March 2017 and 0.40 per cent. as of 31 March 2018. Our Company has made general provisioning at 0.30 per cent. of the outstanding standard assets as of 31 March 2016. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as ‘contingent provisions against standard assets’ in our Company’s balance sheet.

Our Audit Committee has constituted a policy for making provisions as per management estimate, subject to the minimum provision prescribed by RBI. Our provisions for NPAs as of 31 March 2016 stood at ₹27,265.41 million on an unconsolidated basis.

The following table sets forth, as of the dates indicated, data regarding our NPAs on an unconsolidated basis:

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
					(U.S.\$ million) <sup>(1)</sup>
		(₹ million)			
Gross NPA <sup>(1)</sup>	14,505.03	18,941.39	38,702.38	42,420.35	636.37
Net NPA <sup>(2)</sup>	3,029.12	3,791.21	11,436.97	12,518.40	187.80
Total loan assets	372,917.14	497,974.11	625,403.33	643,534.37	9,654.04
Net loan assets <sup>(3)</sup>	361,441.23	482,823.93	598,137.92	613,632.42	9,205.46
Percentage of gross NPA to total loan assets	3.89	3.80	6.19	6.59	6.59
Percentage of net NPA to net loan assets	0.84	0.79	1.91	2.04	2.04

*Note:* The information above excludes securitised and assigned assets.

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.
- (2) Gross NPA means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts.
- (3) Net NPA means Gross NPA net off provision held for NPA accounts.
- (4) Net loan assets means total loan assets as adjusted for provisions for non-performing assets.

Our Gross NPAs as a percentage of total loan assets were 6.59 per cent. as of 30 September 2016. Our net NPAs as a percentage of net loan assets was 2.04 per cent. as of 30 September 2016 on an unconsolidated basis. We believe that our eventual write-offs are relatively low because of our relationship-based customer origination and customer support, prudent loan approval processes (including adequate collateral being obtained), and our ability to repossess and dispose of such collateral in a timely manner.

## Funding Sources

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loans (including term loans from banks and financial institutions), cash credit from banks, redeemable non-convertible debentures, subordinated bonds, short-term commercial paper, public deposits and inter-corporate deposits. Our Company also mobilises fixed deposits.

As of 30 September 2016, we had an unconsolidated outstanding secured debt (gross of unamortised discount of ₹0.02 million (U.S.\$0.00 million)) of ₹398,014.80 million (U.S.\$5,970.85 million) and unconsolidated unsecured debt of ₹120,265.72 million (U.S.\$1,804.18 million). As of 31 March 2016, we had an unconsolidated outstanding secured debt (gross of unamortised discount of ₹2.78 million) of ₹382,135.61 million and unconsolidated unsecured debt of ₹115,774.22 million.

## Borrowings

The following table sets forth the principal components of our secured loans on an unconsolidated basis as of the dates indicated:

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
	(₹ million)			(U.S.\$ million) <sup>(1)</sup>	
Redeemable non-convertible debentures (Net of unamortised discount) . . . . .	135,594.96	177,763.42	163,759.51	190,066.67	2,851.30
Term loans:					
Term loans from banks . . . . .	130,543.12	156,902.40	179,675.62	171,552.99	2,573.57
Term loans from financial institutions, foreign institutions and corporate . . . . .	11,450.00	10,670.00	18,556.67	20,283.33	304.28
Cash credit . . . . .	3,521.33	1,702.23	20,141.03	16,111.78	241.70

*Note:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

The following table sets forth the principal components of our unsecured loans on an unconsolidated basis as of the dates indicated:

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
	(₹ million)			(U.S.\$ million) <sup>(1)</sup>	
	(unconsolidated)				
Fixed deposits . . . . .	23,042.43	53,600.99	77,969.68	83,644.17	1,254.80
Inter-corporate deposits . . . . .	—	—	—	165.50	2.48
Subordinated debt . . . . .	44,174.61	39,630.44	35,204.54	33,856.05	507.89
Redeemable non-convertible debentures (Net of unamortised discount) . . . . .	8,161.99	215.00	—	—	—
Commercial paper (Net of unamortised discount) . . . . .	1,537.66	—	—	—	—
Term loans from banks . . . . .	1,220.00	2,200.00	2,600.00	2,600.00	39.00
Others . . . . .	—	77.34	—	—	—

*Note:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

Increasingly, we depend on term loans from banks and the issue of redeemable non-convertible debentures as the primary sources of our funding. We believe that we have developed stable long-term relationships with our lenders, have established a track record of timely servicing of our debts, and have been able to secure fixed rate long-term loans of three to five years, tenure to stabilise our cost of borrowings.

In fiscal 2016, net addition of bank borrowings on an unconsolidated basis was ₹41,612.02 million. As of 30 September 2016, loans from banks, including cash credit on an unconsolidated basis, aggregated ₹190,264.77 million (U.S.\$2,854.27 million), as compared to ₹179,194.82 million as of 30 September 2015 on an unconsolidated basis.

In fiscal 2016, reduction in redeemable non-convertible debentures (gross of unamortised discount) on an unconsolidated basis was ₹14,230.69 million. As of 30 September 2016, the aggregate outstanding amount of secured redeemable non-convertible debentures on an unconsolidated basis was ₹190,066.69 million (U.S.\$2,851.30 million) (gross of unamortised discount of ₹0.02 million (U.S.\$0.00 million)) as compared to ₹162,942.62 million (gross of unamortised discount of ₹5.79 million) as of 30 September 2015 on an unconsolidated basis.

Our short-term fund requirements are primarily funded by cash credit from banks, including working capital loans. Cash credit from banks outstanding, as of 30 September 2016 was ₹16,111.78 million on an unconsolidated basis.

As of 30 September 2016 our outstanding subordinated debt amounted to ₹33,856.05 million on an unconsolidated basis, compared to ₹33,942.97 million as of 30 September 2015 on an unconsolidated basis. The debt is subordinated to our present and future senior indebtedness. Based on the balance term to maturity, as of 30 September 2016, ₹18,239.01 million of the discounted book value of subordinated debt is considered as Tier II under the guidelines issued by the RBI for the purpose of capital adequacy computation.

We are registered as a deposit-taking NBFC with the RBI under Section 451A of the Reserve Bank of India Act, 1934, which authorises us to accept deposits from the public. We do not, however, depend on deposits as our primary source of funding. As of 30 September 2016, we had fixed deposits outstanding of ₹83,644.17 million, compared to ₹65,183.68 million as of 30 September 2015, respectively on an unconsolidated basis.

#### *Securitisation and Assignment of Portfolio against Financing Activities*

We also undertake securitisation and assignment transactions to increase our capital adequacy ratio, increase the efficiency of our loan portfolio and as a cost effective source of funds. We sell part of our assets under financing activities from time to time through securitisation and assignment transactions as well as direct assignment. Our securitisation and assignment transactions involve provision of additional collateral and deposits or bank/corporate guarantee. In fiscal 2016, total book value of loan assets securitised and assigned was ₹89,917.52 million on an unconsolidated basis.

We continue to provide administration services for the securitised and assigned portfolio, the expenses for which are provided for at the outset of each transaction. The gains arising out of securitisation and assignment, which vary according to a number of factors such as the tenor of the securitised and assigned portfolio, the yield on the portfolio securitised and assigned and the discounting rate applied, are treated as income over the tenure of agreements as per RBI guidelines on securitisation of standard assets. Loss, if any, is recognised upfront.

The following tables set forth certain information with respect to our securitisation and assignment transactions on an unconsolidated basis:

	For the fiscal year ended 31 March			For the six months ended 30 September		
	2014	2015	2016	2015	2016	2016
			(₹ million)			(U.S.\$ million) <sup>(1)</sup>
Total number of loan assets securitised and assigned . . . . .	298,022	154,302	441,180	154,774	170,481	Not Applicable
Total book value of loan assets securitised and assigned . . . . .	106,795.48	44,814.25	89,917.52	23,878.71	50,582.83	758.82
Sale consideration received for securitised and assigned assets . . . . .	106,795.48	44,814.25	89,917.52	23,878.71	50,582.83	758.82
Gain on account of securitisation and assignment . . . . .	8,643.49	5,013.07	9,899.37	2,664.69	6,455.56	96.84

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

	As of 31 March			For the six months ended 30 September		
	2014	2015	2016	2015	2016	2016
			(₹ million)			(U.S.\$ million) <sup>(1)</sup>
Outstanding credit enhancement						
- Fixed Deposit . . . . .	13,963.20	11,509.71	12,405.60	8,739.91	13,483.25	202.27
- Guarantees given by third parties . . . . .	21,926.68	10,420.28	7,612.29	9,525.46	8,198.30	122.99
- Guarantees given by our Company . . . . .	819.95	96.03	67.80	96.03	—	—
Outstanding liquidity facility						
- Fixed Deposit . . . . .	30.34	—	—	—	—	—
Retained interest on securitisation . . . . .	8,194.65	5,747.82	6,619.59	5,424.11	6,646.76	99.71

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

We are required to provide credit enhancement for the securitisation and assignment transactions by way of either fixed deposits or corporate guarantees and the aggregate credit enhancement amount outstanding as of 30 September 2016 was ₹21,681.56 million (U.S.\$325.26 million) on an unconsolidated basis. In the event a relevant bank or institution does not realise the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement.

### Treasury Operations

Our treasury operations are mainly focused on meeting our funding requirements and managing short-term surpluses. Our fund requirements are currently predominantly met through loans and by issue of debentures to banks, financial institutions and mutual funds. We also place commercial paper

and mobilise retail fixed deposits (including secured non-convertible debentures) and inter-corporate deposits. We have also raised subordinated loans eligible for Tier II capital. We believe that through our treasury operations, we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI requirement of asset liability management. The objective is to ensure the smooth functioning of all our branches and at the same time avoid the holding of excessive cash. Our treasury maintains a balance between interest-earning liquid assets and cash to optimise earnings.

Our treasury department also manages the collection and disbursement activities from our corporate office in Mumbai. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest our surplus funds in fixed deposits with banks, liquid debt-based mutual funds and government securities. Our investments are made in accordance with the investment policy approved by the Board.

Our investments are predominantly in government securities and certificates of deposit with banks.

### Capital Adequacy

We are subject to the capital adequacy ratio (CAR) requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15.00 per cent., as prescribed under the Master Directions on Non Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, based on our total capital to risk-weighted assets. All deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00 per cent. of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As a part of our governance policy, we ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of 30 September 2016, our capital adequacy ratio computed on the basis of applicable RBI requirements was 17.44 per cent. compared to the minimum capital adequacy requirement of 15.00 per cent. stipulated by the RBI. The total Tier I capital, at any point of time, shall not be less than 8.5 per cent. by 31 March 2016 and 10.0 per cent. by 31 March 2017.

The following table sets out our capital adequacy ratios on an unconsolidated basis computed on the basis of applicable RBI requirements as of the dates indicated:

	As of 31 March			As of
	2014	2015	2016	30 September 2016
Capital adequacy ratio (per cent.) . . . . .	23.37	20.52	17.56	17.44
Tier I capital (per cent.) . . . . .	17.69	16.40	14.71	15.28

### Competition

We believe that we do not face any significant competition from organised players in our principal business line, the pre-owned commercial vehicle financing sector. Small NBFCs in the organised sector have not been able to increase their scale of operations to the level of our Company. Most of our customers are not a focus segment for banks or large NBFCs, as these customers lack substantial credit histories and other financial documentation on which many of such financial institutions rely to identify and target new customers. We believe our experience-based valuation methodology, our expanding product portfolio, growing customer base and relationship-based approach are key competitive advantages against new market entrants. Our primary competition comprises private unorganised financiers that principally operate in the local market. These private operators have significant local market expertise, but lack brand image and organisational structure. The small private

financiers also have limited access to funds and may not be able to compete with us on interest rates extended to borrowers, which we are able to maintain at competitive levels because of our access to a variety of comparatively lower cost of funding sources and operational efficiencies from our scale of operations. However, private operators may attract certain clients who are unable to otherwise comply with our loan requirements, such as the absence of an acceptable guarantor or failure of the commercial vehicle to meet our asset valuation benchmarks. For new commercial vehicle financing, we compete with more conventional lenders, such as banks and other NBFCs.

Given the relatively minimal scale of our present operations in our other business lines, we do not directly compete with others in these segments. However, as our operations in our other business lines expand, we may face significant competition in these segments in future.

### **Credit Rating**

The following table sets forth certain information with respect to our credit ratings:

<b>Credit Rating Agency</b>	<b>Instruments</b>	<b>Ratings</b>
CRISIL	Fixed Deposit	CRISIL FAAA/Stable
CRISIL	Bank Loan Long Term	CRISIL AA+/Stable
CRISIL	Bank Loan Short Term	CRISIL A1+
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable
CRISIL	Subordinate Debt	CRISIL AA+/Stable
CRISIL	Short Term Debt	CRISIL A1+
India Ratings & Research Private Limited	Non-Convertible Debentures	IND AA+/Stable
India Ratings & Research Private Limited	Lower Tier II Sub-Debt	IND AA+/Stable
CARE	Non-Convertible Debentures	CARE AA+
CARE	Subordinate Debt	CARE AA+
ICRA	Fixed Deposit	MAA+ with Stable outlook

### **Risk Management**

We have developed a strong risk-assessment model in order to maintain healthy asset quality. The key risks and risk-mitigation principles we apply to address these risks are summarised below:

#### ***Interest Rate Risk***

Our results of operations are dependent upon the level of our net interest margins. Net interest income is the difference between our interest income and interest expense. Since our balance sheet consists of rupee assets and predominantly rupee liabilities, movements in domestic interest rates constitute the primary source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of asset liability management. We borrow funds at fixed and floating rates of interest, while we extend credit at fixed rates. In the absence of proper planning and in a market where liquidity is limited, our net interest margin may decline, which may impact our revenues and ability to exploit business opportunities.

We have developed stable long-term relationships with our lenders, and established a track record of timely servicing our debts. This has enabled us to become a preferred customer with most of the major banks and financial institutions with whom we do business. Moreover, our valuation capabilities enable us to invest in good quality assets with stable, attractive yields. Significantly, our loans are classified as priority sector assets by the RBI, such that these loans, when securitised, find a ready market with various financial institutions, including our lenders.

### ***Liquidity Risk***

Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost, or of appropriate tenure, to meet our business requirements. This risk is minimised through a mix of strategies, including asset securitisation and assignment and temporary asset liability gap.

We monitor liquidity risk through our asset liability management (**ALM**) function with the help of liquidity gap reports. This involves the categorisation of all assets and liabilities into different maturity profiles, and evaluating these items for any mismatches in any particular maturities, especially in the short-term. The ALM policy has capped the maximum mismatches in the various maturities in line with RBI guidelines and ALCO guidelines.

To address liquidity risk, we have developed expertise in mobilising long-term and short-term funds at competitive interest rates, according to the requirements of the situation. For instance, we structure our indebtedness to adequately cover the average three-year tenure of loans we extend. As a matter of practice, we generally do not deploy funds raised from short-term borrowing for long-term lending.

### ***Credit Risk***

Credit risk is the risk of loss that may occur from default by our customers under the loan agreements with us. As discussed above, borrower defaults and inadequate collateral may lead to higher NPAs.

We minimise credit risk by requiring that each loan must be guaranteed by another commercial vehicle operator in the same locality as the borrower, preferably by an existing or former borrower. Furthermore, we lend on a relationship-based model, and we believe our high loan recovery ratios indicate the effectiveness of this approach for our target customer base. We also employ advanced credit assessment procedures, which include verifying the identity and checking references of the proposed customer thoroughly at the lead generation stage. Our extensive local presence also enables us to maintain regular direct contact with our customers. In this regard, we assign personal responsibility to each member of the lead generation team for the timely recovery of the loans they originate, closely monitoring their performance against our Company's standards, and maintain client and truck-wise exposure limits.

### ***Cash Management Risk***

Our branches collect and deposit approximately two-thirds of our customers' payments in cash. Lack of proper cash management practices could lead to losses. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

### ***Employees***

As of 30 September 2016, the total number of our employees was 17,162.

We have built a highly capable workforce primarily by recruiting fresh graduates. As our business model requires an entrepreneurial approach in dealing with truck operators, we prefer to recruit and train fresh graduates in achieving our objectives. Moreover, we prefer to recruit our workforce from the area in which they will be serving our customers, in order to benefit from the workforce's knowledge of the local culture, language, preferences and territory. We emphasise both classroom training and on-the-job skills acquisition. Post recruitment, an employee undergoes induction training to gain an understanding of our Company and our operations. Our product executives are responsible

for customer origination, loan administration and monitoring as well as loan recovery, which enables them to develop strong relationships with our customers. We believe our transparent organisational structure ensures efficient communication and feedback and drives our performance-driven work culture.

In a business where personal relationships are an important driver of growth, product executive attrition may lead to loss of business. We therefore endeavour to build common values and goals throughout our organisation, and strive to ensure a progressive career path for promising employees and retention of quality intellectual capital in our Company. We provide a performance-based progressive career path for our employees. For instance, we introduced an employee stock option plan in 2005 for eligible employees. We believe our attrition rates are among the lowest in the industry at managerial levels.

### **Intellectual Property**

Pursuant to a license agreement dated 21 November 2014 between our Company and SOT (the **License Agreement**), we are licensed to use the name “Shriram” and the associated mark, for which our Company has to pay a licence fee to SOT of 1.00 per cent. of the total income of our Company every Fiscal Year. The total amount of license fee our Company pays to SOT in a Fiscal Year is subject to a ceiling of 5.00 per cent. of the profit (before tax and license fee) of our Company from Fiscal Year 2015-16. The License Agreement is valid for a period of five years from 1 October 2014 until 30 September 2019, after which the agreement will be automatically renewed for a further period of five years on the same terms, unless otherwise decided.

Our Company has obtained trademark registrations for the brand names “SHRIAM NEW LOOK REFURBISHED TRUCK”, “OKHORNPLEASE.COM”, “AUTO RECON”, “AUTO BAZAR”, “TRUCK UTSAV”, “TRUCK BAZAR”, “TRUCK MALL”, “SHRIRAM AUTO MALL” (brand name and logo), “TRUCK RECON”, “AUTO MALL”, “Shriram ONE STOP-The Truck Bazaar”, “TRUCK AUCTION” and “AUTO AUCTION”.

### **Technology**

We use information technology as a strategic tool in our business operations to improve our overall productivity. We believe that our information systems enable us to manage our nationwide operations network well, as well as to effectively monitor and control risks.

Our Company has various security controls in place to mitigate risks and safeguard the Company against security breaches and technological lapses, including an established disaster recovery centres located in different seismic zones, periodic upgrading of servers and data storage, accreditation from the International Organisation for Standardisation for our Company’s information security management system and regular audits.

All our branches are online, connected through a virtual private network with our central server located at our Chennai data centre and our disaster recovery site located at Mumbai.

### **Property**

Our registered office is at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai - 600004, Tamil Nadu, India. Our corporate office is at Wockhardt Towers, Level 3, West Wing, C-2, G Block, Bandra - Kurla Complex, Bandra (East) Mumbai 400 051, India. As of 30 September 2016, we had 899 branches across India. We typically enter into lease agreements for these strategic business unit and branch locations.

## **Collaborations**

Except as disclosed herein, our Company has not entered into any collaboration, any performance guarantee or assistance in marketing by any collaborators.

## **BUSINESSES OF OUR OPERATIONAL WHOLLY OWNED SUBSIDIARY**

### ***Shriram Automall India Limited***

Through our wholly owned subsidiary Shriram Automall India Limited, our Company is developing hubs across India called Automall for the provision of fee-based facilitation services in connection with the trading of pre-owned commercial vehicles and equipment by commercial and other vehicle and equipment users, banks and financial institutions who wish to dispose of repossessed assets, automobile and equipment dealers and manufacturers. As of 30 September 2016, our Company had 61 operational Automalls.

## **HISTORY AND KEY AGREEMENTS**

### **Brief background of our Company**

Our Company was incorporated as a public limited NBFC under the provisions of the Companies Act, 1956 and commenced operations in 1979 in Chennai, Tamil Nadu, India. Our Company is registered with the RBI as a deposit taking NBFC, classified as an asset finance company. The registered office of our Company is Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu — 600004.

### **Key terms of our Material Agreements**

#### ***License Agreement dated 21 November 2014 between Shriram Ownership Trust (SOT) and our Company (the License Agreement):***

Pursuant to the License Agreement, SOT granted a licence to use the brand name “SHRIRAM” and the associated mark (**Brand Name**) to our Company in connection with the business activities of our Company in the territory of India during the term of the Brand Name. The main terms of the License Agreement include:

*Consideration:* A licence fee of 1.00 per cent. of the total income of our Company every financial year. The total amount of license fee the Company pays to SOT in a fiscal year shall be subject to a ceiling of 5 per cent. of the profit of the Company before tax and license fee from fiscal year 2015-2016.

*Duration:* The License Agreement will remain in force for a period of five years commencing from 1 October 2014 to 30 September 2019, after which the agreement shall be automatically renewed for a further period of five years on the same terms.

*Arbitration:* Any dispute or difference arising between the SOT and our Company shall be referred to an arbitrator decided on a mutual consent and the decision of the arbitrator is final and binding on both the parties. The place of arbitration shall be in Chennai.

#### ***Agreement dated 21 August 2010 between Shriram Capital Limited (SCL) and our Company (the Agreement)***

Our Company has executed the Agreement with SCL in connection with grant of inter-corporate loans to SCL or to any of its associates/affiliates and the disbursements of loans thereof. The main terms of the Agreement include:

*Limit:* The grant of the loans by our Company to SCL or to any of its associates/affiliates can be utilised in one or more tranches, subject to the total amount of net loans outstanding from SCL and/or its associates/affiliates to our Company in aggregate not exceeding ₹3,000.00 million at any point of time. The aggregate loans utilised by SCL and/or its associates/affiliates shall not exceed the aggregate of the net worth of SCL predetermined by the latest available audited balance sheet.

*Rate of interest:* Subject to the rate of interest payable on the loans not being lower than the prevailing bank rate, being the standard rate made public under section 49 of Reserve Bank of India Act, 1934, the rate of interest shall be 11.00 per cent. per annum.

*Disbursement:* The disbursement of loans shall be subject to availability of liquid funds with our Company at the relevant point of time.

The same terms and conditions apply mutatis mutandis to the loan given by SCL to our Company.

#### ***Service Agreement dated 24 January 2012 between SCL and our Company (the Service Agreement)***

Our Company has executed the Service Agreement with SCL for formalising its arrangement with regard to the role and services to be provided by SCL to our Company. The main terms of the Service Agreement are:

*Role of SCL:* SCL shall continue to render key support services to the Company, in connection with group strategy, new ventures, MIS, synergy, group human resource, risk management, taxation, regulatory, secretarial, group information technology, external relations, corporate communications and investor relations, and that the Company shall utilise these key support services, in accordance with the terms of the Service Agreement.

*Consideration:* Our Company has paid SCL a sum of ₹75.00 million plus taxes every quarter, payable with effect from 1 October 2011 (**Effective Date**), which was increased by 15.00 per cent. annually until 30 September 2015. The Company and SCL agreed to an increase of 5.00 per cent. in service charges for the period between October 2015 and September 2016. The agreement has been renewed for a further period of three months ending 31 December 2016.

*Term:* This Agreement was extended for a period of three months (up to 31 December 2016) for the Service fees of ₹119.77 million plus service tax.

*Arbitration:* All disputes under the Service Agreement shall be settled by arbitration by a sole arbitrator. The place of arbitration is in Chennai and the language of arbitration is English.

#### **LEGAL PROCEEDINGS**

Except as described below, our Company is not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or operations of our Company. We believe that the number of proceedings and disputes in which the Company is involved in, is not unusual for a company of its size in the context of doing business in India. Civil and tax related proceedings involving our Company, which involve a claim of more than one per cent of our Company's net worth have been individually described below.

- Our Company filed an appeal before the Supreme Court of India (Special Leave Petition (Civil) 35142 of 2009) against an order dated 18 November 2009 passed by the High Court of Kerala in connection with a writ petition filed challenging the action of Commissioner of Commercial Taxes, Kerala, directing our Company to register under the provisions of the Kerala Money Lenders Act, 1958. The High Court of Kerala, pursuant to the impugned order, dismissed an appeal in connection with the aforesaid writ petition, thereby *inter alia* confirming the impugned order passed by the Commissioner of Commercial Taxes, Kerala. The Supreme Court of India admitted the appeal and pursuant to an order dated 16 December 2009 stayed the operation of the impugned order. The proceeding is pending hearing and final decision.
- Our Company filed a writ petition, (Writ Petition No. 47108/2011) on 15 December 2011, against the State of Karnataka and others before the High Court of Karnataka *inter alia* seeking (a) a

declaration that the provisions of the Karnataka Money Lenders Act, 1961 and the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004, (collectively, **Impugned Statutes**), do not apply to NBFCs and Company, in particular, (b) to strike down the Impugned Statutes, (c) a writ in the nature of certiorari or other suitable writ, order or direction quashing an order issued by the Karnataka State Money Lending Department dated 29 September 2011 and proceedings initiated against our Company pursuant to the Impugned Statutes, (d) interim relief by staying the proceedings initiated against our Company pursuant to the Impugned Statutes and (e) restraining the Karnataka state money lending authorities from initiating action against our Company under the aforesaid statutes. The High Court of Karnataka by its order dated 16 December 2011 stayed the proceedings initiated against our Company pursuant to the Impugned Statutes. The aforesaid matter is pending hearing and final decision.

- Our Company filed an appeal before the Supreme Court of India, Special Leave Petition (Civil) (9711-9713) of 2014 against the impugned common final judgment and order dated 8 October 2013 passed by the High Court of Judicature at Calcutta in Writ Petition No. 24 of 2010, Writ Petition No. 4 of 2011 and Writ Petition No. 6 of 2011 challenging the decision to uphold the Value Added Tax on Non-Banking Finance Companies (**NBFC**) and the disposition of vehicles for recovery of loans by treating NBFC as dealers as defined under Section 2 (11) of the West Bengal Value Added Tax 2003. The aforesaid matter is pending hearing and final decision.
- Our Company filed a writ petition (7638/ 2009) before the High Court of Andhra Pradesh against the orders passed by the Commercial Tax Officer, Tirupati, dated 20 March 2009 in which it alleged that our Company is liable to be assessed for tax under the Andhra Pradesh Value Added Tax Act, 2005 and the Andhra Pradesh General Sales Tax Act, 1957. Pursuant to the writ petition, our Company challenged the notices dated 21 March 2009 issued by the Commercial Tax Officer, Andhra Pradesh proposing to levy interest and penalty. The High Court of Andhra Pradesh by its order dated 15 April 2009 stayed the operation of the orders passed by the Commercial Tax Officer, Tirupati subject to our Company depositing 1/3rd of the disputed tax amount within four weeks from the date of aforesaid order, which our Company has deposited with the High Court. The petition is pending hearing and final decision.
- Our Company is contesting several disputed income tax, service tax and VAT matters before various appellate authorities. The contingent liabilities as per accounting standard 29 as of 30 September 2016 in respect of such matters were ₹19,566.08 million.
- Our Company has received show-cause notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of securitisation/ direct assignments for the period 2008-2009 and 2014-2015, which are contested by our Company.

For further information relating to such proceedings, see *“Risk Factors — Our Company is involved in certain legal proceedings including in relation to certain legislation relating to “money lending” activities which, if determined against us, could have a material adverse effect on our goodwill, financial condition, results of operations and cash flows.”*

## ASSETS AND LIABILITIES

### Asset Quality and Composition

#### Assets

The total assets of our Company increased by 20.52 per cent. from ₹492,256.99 million as of 31 March 2014 to ₹593,271.52 million as of 31 March 2015 and by 14.56 per cent. to ₹679,633.03 million as of 31 March 2016 and by 5.20 per cent. to ₹714,946.35 million (U.S.\$10,725.33 million) as of 30 September 2016. During the period its loan portfolio increased by 33.53 per cent. from ₹372,917.14 million as of 31 March 2014 to ₹497,974.11 million as of 31 March 2015 and by 25.59 per cent. to ₹625,403.33 million as of 31 March 2016 and investments increased by 22.09 per cent. from ₹27,252.63 million as of 31 March 2014 to ₹33,271.86 million as of 31 March 2015 and decreased by 59.24 per cent. to ₹13,561.65 million (U.S.\$203.45 million) as of 31 March 2016.

	As of 31 March			As of 30 September	
	2014	2015	2016	2016	2016
					(U.S.\$ million) <sup>(1)</sup>
					(₹ million)
Fixed assets . . . . .	1,006.63	1,007.24	1,010.63	935.62	14.04
Investments . . . . .	27,252.63	33,271.86	13,561.65	16,614.94	249.25
Cash and bank balances . . . . .	70,859.78	47,233.98	23,638.57	35,028.91	525.49
Loans and advances . . . . .	388,882.01	507,638.09	637,700.58	658,015.96	9,871.29
Other current and non-current assets . . . . .	1,744.32	1,555.50	644.57	1,123.92	16.86
Deferred Tax Assets . . . . .	2,511.62	2,564.85	3,077.03	3,227.00	48.41
<b>Total assets . . . . .</b>	<b><u>492,256.99</u></b>	<b><u>593,271.52</u></b>	<b><u>679,633.03</u></b>	<b><u>714,946.35</u></b>	<b><u>10,725.33</u></b>

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

#### Loan Portfolio

The following table sets forth our Company's loan assets as of the dates indicated:

Particulars	As of 31 March		As of 30 September	
	2015	2016	2016	2016
				(unconsolidated)
				(U.S.\$ million) <sup>(1)</sup>
				(₹ million)
i) Unsecured				
(a) Unsecured, considered good . . . . .	8,364.76	15,235.65	13,522.30	202.86
(b) Classified Doubtful . . . . .	1,069.30	1,919.98	2,279.03	34.19
ii) Secured				
(a) Considered Good . . . . .	458,410.79	564,829.33	580,833.85	8,713.43
(b) Classified Doubtful . . . . .	17,868.49	36,762.80	40,121.72	601.89
iii) Others (Secured by hypothecation of tangible assets)				
(a) Considered Good . . . . .	6,512.95	35.98	130.72	1.96
(b) Classified Doubtful . . . . .	—	—	—	—
iv) Others				
Considered Good . . . . .	5,747.82	6,619.59	6,646.76	99.71
<b>Total . . . . .</b>	<b><u>497,974.11</u></b>	<b><u>625,403.33</u></b>	<b><u>643,534.38</u></b>	<b><u>9,654.04</u></b>

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

As of 30 September 2016, the largest borrower accounted for approximately 0.05 per cent. of our Company's total exposure and the ten largest individual borrowers in aggregate accounted for approximately 0.22 per cent. of total exposure.

### **Classification of Assets and Provisioning**

Our Company follows the Master Directions on Non Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 and the Master Direction on Non Banking Financial Companies Acceptance Public Deposits (Reserve Bank) Directions, 2016, as amended, prescribed by the RBI, among other matters, in the classification of our assets, treatment of NPAs and provisioning against NPAs, as further described in the section titled "*Regulation and Policies in India*" beginning on page 130 of this Offering Circular. Each deposit-accepting NBFC, such as our Company, is required to classify its lease/hire purchase assets, loans, advances and other forms of credit into standard, sub-standard, doubtful or loss assets.

As of 30 September 2016, ₹42,420.35 million (U.S.\$636.37 million) of our Company's loan assets have been categorised as non-performing. As of 30 September 2016, our Company's gross NPAs as a percentage of gross loan assets were 6.59 per cent. and its net NPAs as a percentage of net loan assets was 2.04 per cent. Our Company defines net NPAs as gross NPAs less write-offs and its loan loss provisions. During the year ended March 31, 2016, the Company has revised its estimate for provision on non-performing assets from 80.00 per cent. to 70.00 per cent. As of 30 September 2016, our Company made provisions for 70.49 per cent. of its gross NPAs.

The following table sets forth NPAs of our Company as at the dates indicated:

	As of 31 March		As of
	2015	2016	30 September 2016
	(NPA as a percentage of loan assets)		
<b>Gross NPA Ratio</b> <sup>(1)</sup> . . . . .	3.80	6.19	6.59
<b>Net NPA Ratio</b> . . . . .	0.79	1.91	2.04

(1) For the purposes of this table, our Company's total gross loan assets represent the amount of principal outstanding, and interest accrued and due. Our Company's net loan assets (net of provisions and write-offs) including interest accrued and due were ₹361,441.23 million, ₹482,823.93 million and ₹598,137.92 million for Fiscal Year 2014, Fiscal Year 2015 and Fiscal Year 2016 and ₹613,632.42 million (U.S.\$9,205.46 million) for the six months ended 30 September 2016, respectively.

The following table sets forth the classification of gross loan assets of our Company as of the dates indicated below:

	As of 31 March				As of 30 September 2016		
	2015		2016		As of 30 September 2016		Amount
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
	(₹ million, except percentages)						(U.S.\$ million) <sup>(2)</sup>
	(unconsolidated)						
<b>Standard assets</b> <sup>(1)</sup> . . . . .	479,032.72	96.20	586,700.95	93.81	601,114.03	93.41	9,017.67
<b>Non-performing assets</b> <sup>(1)</sup>							
Substandard assets . . . . .	17,080.17	3.43	28,872.20	4.62	23,559.17	3.66	353.43
Doubtful assets . . . . .	561.57	0.11	6,989.06	1.12	11,852.94	1.84	177.81
Loss assets . . . . .	1,299.65	0.26	2,841.12	0.45	7,008.23	1.09	105.13
<b>Total loan assets</b> . . . . .	<b>497,974.11</b>	<b>100.00</b>	<b>625,403.33</b>	<b>100.00</b>	<b>643,534.37</b>	<b>100.00</b>	<b>9,654.04</b>

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- (1) For purposes of this table, our Company's standard assets, non-performing assets and total loan assets represent amount of principal outstanding, including interest accrued and due on loan assets.
  - (2) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

### ***NPA Management***

Our Company makes provisions for NPAs in accordance with the Master Direction on Non Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. A loan is written off when all available options for recovery have failed and after due approval of the Board of the Company.

Our Company has a loan recovery procedure system in place that our Company believes is well-suited to our market in the commercial vehicle financing industry. The entire collection operation is administered in-house and our Company does not outsource loan recovery and collection operations. In case of default, our local product executive identifies the reasons for the default and initiates appropriate action including requiring partial repayment and/or seeking additional guarantees or collateral.

### **Investments**

Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, however provision for diminution in value is made to recognise a permanent decline, in the value of the investments.

### **Provisions, contingent liabilities and contingent assets**

A provision is recognised when our Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate in respect of which can be made. Provisions are not discounted to its present value and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect then current management estimates.

*Employee benefits.* Our Company's liability for employee benefits in respect of gratuity is ascertained on actuarial valuation and is provided for and funded separately. Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related services are rendered. Post-employment and other long-term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined based on actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long-term benefits are charged to the statement of profit and loss in the period which they arise. Our Company has created a gratuity fund for the employees of our Company and its subsidiary to discharge the liability for payment of gratuity to employees.

*Transactions in foreign currency.* Foreign currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans/liabilities are translated into Rupees with reference to the rates of exchange prevailing on the date of the balance sheet and the resultant exchange differences are charged to our Company's statement of profit and loss.

## **Credit Management Policies and Procedures**

The various divisions of our Company formulate and revise internal policies and procedures for their respective lending activities. Policies on standards for the presentation of credit proposals, risk identification, risk grading, reporting and risk control, risk mitigation techniques, documentation, legal issues and the management of problem loan accounts are also in place. Reviews of the loan portfolios under various lending programmes are undertaken and single and group borrower limits have been established. Revisions in policies and procedures are carried out with the approval of the Board of Directors or appropriate delegated authorities of our Company.

Our Company's credit approval process involves multiple levels of loan approval authority, depending on the loan amount and other factors such as the nature of the credit and the conditions of the transaction.

At each level of authority, loan applications are reviewed on the basis of the feasibility of the project from a technical, financial and economic point of view, in addition to being evaluated according to the probability of recovery. In conducting such a review the following factors are considered: the borrower's profile, management structure, past financial performance and credit ratings, our Company's exposure to the company, industrial group and/or industry in light of prudential exposure norms, industry outlook and financial projections for the borrower. Our Company may also conduct a sensitivity analysis which includes variables such as debt servicing ratios and internal rates of return. In case of individual borrowers, we carefully evaluate projected earnings and the viability of his business with respect to his capacity for repayment of the dues.

Our Company has internal guidelines that limit the amounts of loans that can be authorised. This amount differs depending on the type of loan and certain other factors, such as type of borrowers or type of facilities and his/their prior repayment patterns. Our Company disburses funds to a borrower strictly as per the terms of the sanction and after all necessary documentation has been executed. Specific approval must be sought from the competent authority before deviating from the terms of the sanction, if any, subject to reporting the same to the original sanctioning authority.

### **Loan Review and Monitoring**

The success of our Company's business of providing credit and loan products relies heavily on effective and timely monitoring and supervision of loans granted. In addition to our Company's risk management systems, which identify and set individual limits based on credit quality and sectoral limits, our Company also has in place a complete and effective post-sanction follow-up system that monitors and tracks the status of loans and other credit facilities. The follow-up system reviews and interprets information and data that identifies potential increases in credit risks and allows our Company to deal with such credit exposures in a timely manner.

#### *Initial Credit Evaluation*

When a customer is identified and the requisite information for a financing proposal is received, a branch manager or product executive meets with such customer to assess the loan requirements and creditworthiness of such customer. The proposal form requires the customer to provide information on the age, address, employment details and annual income of the customer, as well as information on outstanding loans and the number of commercial vehicles owned. An applicant is required to provide proof of identification and residence for verification purposes. In connection with the loan application, an applicant is also required to furnish a guarantor, typically another commercial vehicle owner, preferably an existing or former customer. Our company also requires detailed information relating to such guarantor. For pre-owned commercial vehicles, a vehicle inspection and evaluation report is prepared by our Company's executives to ascertain, among other matters, the registration details of the vehicle, as well as its condition and market value. A field investigation report is also prepared relating to the place of residence and of various movable and immovable properties of an applicant and the guarantor.

## *Credit policies*

Our Company follows stringent credit policies to ensure the asset quality of our Company's loans and the security provided for such loans. Any deviation from such credit policies in connection with a loan application requires prior approval by our Chief Executive Officer. Our credit policies include the following:

*Vehicle type:* Our Company only finances vehicles that are used for commercial purposes. As these are income-generating assets, our Company believes that this asset type reduces our Company's credit risk.

*Guarantor requirement:* Loans must be secured by the personal guarantee of the borrower as well as at least one third party guarantor. The guarantor must be a commercial vehicle owner, preferably our Company's existing or former customer, and preferably operating in the same locality as the borrower.

*Loan approval guidelines:* From time to time, our Company's management lays down loan approval parameters which are typically linked to the value of the vehicles.

*Age limit for pre-owned vehicles:* We typically extend loans to vehicles that are less than 12 years old.

*Period:* The maximum period for repayment in case of assets shall not be more than 96 months.

*Release of documents on full repayment:* Security received from the borrower, including unutilised post-dated cheques, if any, is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower.

*RTO records:* In case of pre-owned vehicle financing, Regional Transport Office (**RTO**) records must be inspected for non-payment of road tax, pending court cases, and other issues, and the records retained as part of the loan documentation.

*Physical inspection and trade reference:* In case of all pre-owned vehicle financing, the branch manager must physically inspect the vehicle and assess its value. The branch manager's determination regarding the condition of the vehicle is recorded in the evaluation report of the vehicle. The branch manager must also conduct contact point verification as well as a trade reference check of the borrower before an actual disbursement is made, and such determination is recorded in the proposal evaluation records.

## *Approval Process*

The branch manager evaluates the loan proposal based on supporting documentation and various other factors. The primary criterion for approval of a loan proposal is based on the guarantee provided by another commercial vehicle operator, preferably an existing or previous customer, as well as the valuation of the asset to be secured by the loan. In addition, our Company's branch managers may also consider other factors in the approval process such as length of residence, past repayment record and income sources. The branch manager is authorised to approve a loan if the proposal meets the criterion established for the approval of a loan. The applicant is informed of the outcome of the approval process as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualised) and the application of such interest during the tenure of the loan.

### *Disbursement*

Margin money and other charges are collected prior to loan disbursements. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation. The relevant RTO endorsement forms are also required to be executed by the borrower prior to the disbursement of the loan. Prior to the loan disbursement, the loan officer ensures that a KYC checklist is completed by the applicant. The loan officer verifies such information provided and includes such records in the relevant loan file and ensures that the contents of the loan documents are explained in detail to the borrower either in English or in the local language of the borrower, and a statement to such effect is included as part of the loan documentation. Although our Company's customers have the option of making payments by cash or cheque and encourage customers to pay by internet banking or card payment, we may require the Applicant to submit post-dated cheques covering an initial period prior to any loan disbursement. For pre-owned vehicles, an endorsement of the registration certificate as well as the insurance policy must be executed in our Company's favour.

### *Loan administration and monitoring*

The borrower and the relevant guarantor are required to execute a standard form of loan agreement, which among others, requires a promissory note to be executed containing an unconditional promise of payment to be signed by both the borrower and the relevant guarantor.

Our Company provides three payment options: cash, cheques or demand drafts. Repayments are made in monthly instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. Our Company tracks loan repayment schedules of its customers, on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the vehicles financed and location of the customer.

Our Company's management information system department and centralised operating team monitors compliance with the terms and conditions for credit facilities. Our Company monitors the completeness of documentation and creation of security through regular visits to the branches by our Company's regional, head office executives and internal auditors. All borrower accounts are reviewed at least once a year, with higher frequency for the larger exposures and delinquent borrowers. The branch managers review collections regularly, and personally contact borrowers that have defaulted on their loan payments. Branch managers are assisted by a set of product executives in day-to-day operations, who are typically responsible for the collection of instalments from 150 to 200 borrowers each, depending on territorial dispersal.

### *Collection and Recovery*

In case of default, our local product executives identify the reasons for the default and initiate appropriate action, such as requiring partial repayment and/or seeking additional guarantees or collateral. In the event of a default on three loan instalments, branch managers of our Company are required to make personal visits to the borrower to determine the gravity of the loan recovery problem and in order to induce payment from the borrower. Our Company may initiate the process for repossession of the vehicle in the event of a default. Branch managers are trained to repossess vehicles. Repossessed vehicles are held at designated secured facilities for eventual sale. The notice to the customer specifies the outstanding amount to be paid within a specified period, failing which the vehicle may be disposed of. In the event there is a shortfall in the recovery of the outstanding amount from the sale of the vehicle, our Company may also initiate legal proceedings against the customer.

## Funding and Liquidity

Our Company's funding operations are designed to ensure stability of funding, minimise funding costs and effectively manage liquidity. Our Company derives funding from capital and reserves and borrowing from a combination of term loans from banks and financial institutions, issuance of redeemable non-convertible debentures, public deposits, the issue of subordinated bonds and commercial paper as well as through securitisation/assignment of our loan portfolio.

### Loan Funds

Our Company's loan funds comprise of secured and unsecured loans. Our Company's loan funds have shown a substantial increase on account of higher outstanding loan borrowings. As of 31 March 2016, our Company's loan funds increased by ₹55,145.23 million or 12.45 per cent., to ₹497,907.05 million from ₹442,761.82 million as of 31 March 2015. As of 30 September 2016, our Company's loan funds were ₹518,280.50 million (U.S.\$7,775.03 million). This increase was due to an increase in bank borrowings and fixed deposits. Our Company's business consists of borrowing funds and on-lending such funds to its customers in the form of loan products. Consequently, growth in our Company's business has been marked by an increase in its loan assets.

The following table sets forth the breakdown of our Company's borrowings for the periods indicated:

Resource Denomination	As of 31 March				As of 30 September 2016		
	2015		2016		Amount	percentage	Amount
	Amount	percentage	Amount	percentage			
	(₹ million, except percentages)						(U.S.\$ million) <sup>(1)</sup>
	(unconsolidated)						
<b>Rupee</b> . . . . .	439,682.32	99.30	493,734.55	99.16	509,730.41	98.35	7,646.77
<b>Foreign currency</b> . . . . .	3,079.50	0.70	4,172.50	0.84	8,550.09	1.65	128.26
<b>Total</b> . . . . .	<u>442,761.82</u>	<u>100.00</u>	<u>497,907.05</u>	<u>100.00</u>	<u>518,280.50</u>	<u>100.00</u>	<u>7,775.03</u>

*Note:*

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

As of 30 September 2016, our Company had foreign currency borrowing facilities that provided for an aggregate availability equivalent to ₹8,550.09 million (U.S.\$128.26 million) as detailed in the table below. Although all these loans are sanctioned in United States dollars, these loans were disbursed in Indian Rupees on a totally hedged basis. Hence, our Company does not have any unhedged foreign currency exposure.

The following table sets forth a brief summary of our foreign currency borrowings:

Name of Lender(s)	Facility	Disbursal Loan		
		amount		Amount outstanding as of 30 September
		2016	2016	2016
		(₹ million)	(₹ million)	(U.S.\$ million) <sup>(1)</sup>
CITI Bank . . . . .	Bank Loan	3,262.50	3,262.50	48.94
Kotak Bank . . . . .	Bank Loan	1,300.00	487.50	7.31
ICICI Bank . . . . .	Bank Loan	1,500.00	1,500.00	22.50
Kotak Bank . . . . .	Bank Loan	1,200.00	1,200.00	18.00
CITI Bank . . . . .	Bank Loan	750.00	750.00	11.25
CITI Bank . . . . .	Bank Loan	250.00	250.00	3.75
ICICI Bank . . . . .	Bank Loan	600.00	600.09	9.00
ICICI Bank . . . . .	Bank Loan	500.00	500.00	7.50
<b>Total Foreign Currency Loan . . . . .</b>		<b>9,362.50</b>	<b>8,550.09</b>	<b>128.26</b>

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

#### Domestic Borrowings

In terms of domestic resources, a significant proportion of our Company's Rupee denominated funds are raised through privately placed bond issues in the domestic market and term loans. Our Company has a diverse investor base of banks, financial institutions, mutual funds, insurance companies, provident fund trusts, gratuity fund trusts and superannuation trusts and individuals.

The following table sets forth our Company's outstanding Rupee-denominated indebtedness by type and the percentage such indebtedness constituted of its total Rupee-denominated indebtedness as of 31 March 2015, and 2016 and 30 September 2016.

	As of 31 March				As of 30 September			
	2015		2016		2016		2016	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount	
	(₹ million, except percentages)						(U.S.\$ million) <sup>(1)</sup>	
	(unconsolidated)							
Bank borrowings . . . . .	160,804.63	36.32	202,416.65	40.65	190,264.77	36.71%	2,854.27	
Non-convertible debentures . . . .	177,978.42	40.20	163,759.51	32.89	190,066.67	36.67%	2,851.30	
Fixed deposit . . . . .	53,600.99	12.10	77,969.68	15.66	83,644.17	16.14%	1,254.80	
Loans from Institutions . . . . .	10,670.00	2.41	18,556.67	3.73	20,283.33	3.91%	304.28	
Other . . . . .	39,707.78	8.97	35,204.54	7.07	34,021.55	6.56%	510.38	
<b>Total . . . . .</b>	<b>442,761.82</b>	<b>100.00</b>	<b>497,907.05</b>	<b>100.00</b>	<b>518,280.49</b>	<b>100.00%</b>	<b>7,775.03</b>	

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

### ***Bank borrowings***

Bank borrowings include secured and unsecured long-term and short-term borrowings from banks and cash credit and working capital loans.

### ***Non-convertible debentures***

The Companies Act defines debenture as debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not. We have raised secured and unsecured redeemable non-convertible debentures through private placement to institutions and retail investors and public issuances. These debentures do not carry an option to convert such debentures into shares.

### ***Commercial paper***

Commercial Paper is an unsecured money market instrument issued in the form of promissory note issued at discount. It can be issued for maturities between a minimum of seven days and a maximum of up to one year from the date of issue. All commercial papers are to be compulsorily rated and it cannot be underwritten or co-accepted.

### ***Fixed deposit***

As a deposit-taking NBFC, we mobilise retail fixed deposits at competitive rates. The minimum tenor is 12 months and one day and maximum tenor is 60 months. The deposit acceptance is subject to Master Direction — Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. Fixed deposits are unsecured.

### ***Loans from Institutions***

Loans from institutions include secured and unsecured long-term loans from financial institutions.

### ***Others***

Others include subordinated debt. Subordinated debt is a fully paid-up capital instrument, which is unsecured and subordinated to the claims of other creditors. The subordinated debt instrument must be issued for a minimum period of 60 months and above, and premature repayment is not permitted. It is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the RBI. Subordinated debt is treated as tier — II capital and helps strengthen a company's capital to risk weighted assets ratio. We have issued subordinated debt through institutional, retail and public issuances.

### **Investment operations**

The primary objective of our Company's investment policy is the prudent management of surplus funds so as to achieve optimal returns. Our Company aims to use its treasury operations to manage its liquidity. Our Company's investments of short-term surplus are primarily in bank deposits and debt-based schemes of public mutual funds, which are in line with the guidelines issued by the Government from time to time for the investment of surplus funds of the Company.

The following table sets forth the investments of our Company of the dates indicated:

	As of 31 March		As of 30 September	
	2015	2016	2016	2016
			(unconsolidated)	
		(₹ million)		(U.S.\$ million) <sup>(1)</sup>
Investment property (net of depreciation) . . . . .	19.52	19.30	19.19	0.29
<b>A) Investment in shares</b>				
<b>(I) In quoted shares</b>				
<b>Total of investment in quoted shares (I) . . . . .</b>	—	—	—	—
<b>(II) In unquoted shares (equity shares)</b>				
<i>Investment in wholly owned subsidiaries</i>				
Shriram Equipment Finance Company Limited . . . . .	100.00	—	—	—
Shriram Automall India Limited . . . . .	300.00	300.00	300.00	4.50
<i>In other companies</i>				
State Industrial Investment Corporation of Maharashtra Limited . . . . .	4.00	4.00	4.00	0.06
Freight Commerce Solutions Private Limited . . . . .	0.04	0.04	0.04	0.00
Shriram Seva Sankalp Foundation . . . . .	0.18	0.18	0.18	0.00
<b>Total of investment in unquoted equity shares (II) . . . . .</b>	404.22	304.22	304.22	4.56
<b>(III) In unquoted shares (preference shares)</b>				
Shriram Equipment Finance Company Limited . . . . .	2,500.00	—	—	—
<b>Total of investment in unquoted preference (III) shares . . . . .</b>	2,500.00	—	—	—
<b>Total of investments in shares (A) . . . . .</b>	2,904.22	304.22	304.22	4.56
<b>B) Other Investments</b>				
Investment in government securities (quoted) . . . . .	7,583.28	11,552.57	13,216.34	198.27
Investment in subordinated debts (unquoted) . . . . .	500.00	500.00	500.00	7.50
Investment in mutual fund (unquoted) . . . . .	20.00	1,020.00	2,520.00	37.80
Investment in venture capital fund (unquoted) . . . . .	165.56	165.56	55.19	0.83
Investment in certificate of deposit with banks . . . . .	22,079.28	—	—	—
<b>Total of other investments (B) . . . . .</b>	30,348.12	13,238.15	16,291.53	244.40
<b>Total (A+B) . . . . .</b>	<u>33,271.86</u>	<u>13,561.65</u>	<u>16,614.94</u>	<u>249.25</u>

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

## Capital Adequacy

The calculation and composition of our Company's Tier I and Tier II capital as of 30 September 2016 is as follows:

	As of 30 September	
	2016	2016
	(₹ million except percentages)	(U.S.\$ million) <sup>(1)</sup>
Tier I Capital . . . . .	99,808.28	1,497.28
Tier II Capital . . . . .	14,131.09	211.99
Total capital (1+2) . . . . .	113,939.38	1,709.27
Total Risk Weighted Assets. . . . .	653,405.20	9,802.12
Capital Adequacy Ratio (3/4) . . . . .	17.44%	17.44%

*Note:*

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended 30 September 2016 have been provided at a rate of U.S.\$1.00 = ₹66.6596, the closing exchange rate on 30 September 2016 based on the RBI Reference Rate.

We are subject to the capital adequacy ratio (**CAR**) requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15.00 per cent., as prescribed under the Master Directions on Non Banking Financial Company Systemically Important Non Deposit Company and Deposit Taking Company (Reserve Bank) Directions, 2016, based on our total capital to risk-weighted assets. As per the Master Direction on Non Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, all deposit taking NBFCs have to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00 per cent. of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 17.44 per cent. and 17.56 per cent. as of 30 September 2016 and 31 March 2016, respectively, with Tier I capital comprising 15.28 per cent. and 14.71 per cent., respectively.

## Risk Management

We have developed a strong risk-assessment model in order to maintain a healthy asset quality, which includes management policies for interest rate risk, liquidity risk, credit risk and cash management risk as well as risk testing methodologies and risk reporting mechanisms.

### *Risk Management Structure*

The board of directors of our Company constituted a Risk Management Committee of three members, the majority of whom are directors of the company. Our Company has instituted a risk policy which defined the roles and responsibilities of the Risk Management Committee and delegated to the committee the monitoring and reviewing of our Company's risk management plan. The Risk Management Committee's role includes the review of the risk management policy, approval of the risk management plan, implementing and monitoring the risk management policy.

Our Company also has in place an Enterprise Risk Management (**ERM**) Framework that is based on the Committee of Sponsoring Organisations Framework. The objectives of the ERM include significantly improved credit risk framework, profile and outcomes, strong market and operational risk capability, economic capital models embedded for all major risks, reliable financial reports, compliance with applicable laws and regulations and simplifying and strengthening compliance. In addition, our Company maintains a risk register listing and identifying all the risks that are likely to affect our Company's successful achievement of objectives based on a scoring methodology.

### ***Interest Rate Risk***

Our Company's results of operations are dependent upon the level of our Company's net interest margins. Net interest income is the difference between our Company's interest income and interest expense. Since our Company's balance sheet consists of Rupee assets and predominantly Rupee liabilities, movements in domestic interest rates constitute the primary source of interest rate risk. Our Company assesses and manages the interest rate risk on its balance sheet based on the process of asset liability management. Our Company borrows funds at fixed and floating rates of interest, while it extends credit at fixed rates. Our Company's valuation capabilities enable us to invest in good quality assets with stable, attractive yields. Significantly, our loans are classified as priority sector assets by the RBI, such that these loans, when securitised, find a ready market with various financial institutions, including our lenders.

### ***Liquidity Risk***

Liquidity risk is the risk of our Company's potential inability to meet its liabilities at an appropriate cost, or of appropriate tenure, and business requirements as they become due. Our Company faces liquidity risks, which could require it to raise funds or liquidate assets on unfavourable terms. Our Company manages its liquidity risk through a mix of strategies, including through forward-looking resource mobilisation based on projected disbursements and maturing obligations.

Our Company monitors liquidity risk through our Company's asset liability management (**ALM**) function with the aid of liquidity gap reports. This involves the categorisation of all assets and liabilities into different maturity profiles and evaluating these items for any mismatches in any particular maturities, especially in the short term. Our Company's ALM policy caps the maximum mismatches in the various maturities in line with RBI guidelines and ALCO guidelines. To address liquidity risk, our Company has developed expertise in mobilising long-term and short-term funds at competitive interest rates based on the requirements of the situation. For instance, our Company structures its indebtedness to adequately cover the average three-year tenure of loans it extends. Our Company generally does not deploy funds raised from short-term borrowing for long-term lending.

### ***Credit risk***

Credit risk is the risk of loss that may occur from the default by our customers under the loan agreements with our Company. A borrower default and inadequate collateral may lead to higher NPAs.

We minimise credit risk by requiring that each loan must be guaranteed by another commercial vehicle operator in the same locality as the borrower, preferably by an existing or former borrower. In addition, our Company lends on a relationship-based model with customers. We also employ advanced credit assessment procedures, which include verifying the identity and checking references of the proposed customer thoroughly at the generation stage. We assign personal responsibility to each member of the lead generation team for timely recovery of the loans they originate, closely monitoring their performance against our standards, and maintains client and vehicle-wise exposure limits.

### ***Cash management risk***

Our branches collect and deposit approximately two-thirds of our customers' payments in cash. A lack of proper cash management practices could lead to losses and, to address such cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. In addition, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

## **Internal Controls**

### *Internal Audit*

Our audit function serves as an important tool for our management to evaluate the effectiveness of our internal control system/mechanism for mitigating risk under various parameters. The inspection report not only serves the purpose to rectify irregularities noticed but it is also a blueprint to the branch functionaries and controllers for the initiation of suitable remedial actions for the correction of systemic deficiencies in order to manage and control risk.

Internal audit is conducted at all of our Company's divisions and offices in line with the Annual Audit Plan approved by the Audit Committee. Depending on risk assessment rating of our Company's divisions and offices, internal audit frequency varies from one to four times a year.

## MANAGEMENT

### Board of Directors

The Board of Directors of our Company (the **Board**) consists of professionals from varied disciplines. The day-to-day management of the affairs of our Company is entrusted with the senior management personnel, headed by the Managing Director and CEO, who functions under the overall supervision, direction and control of the Board. The Board meets regularly to discuss, review and decide upon matters such as policy formulation, objectives, and appraisal of performances. Some of the powers of the Board are delegated to the Committees of our Company, which monitor the day-to-day affairs relating to operational matters.

In fiscal 2016, the Board held meetings on 30 April 2015, 18 June 2015, 26 June 2015, 31 July 2015, 29 October 2015, 30 January 2016 and in fiscal 2017, the Board held meetings on 29 April 2016, 27 July 2016 and 25 October 2016. As of 15 December 2016, none of the Directors of the Board was a member of more than 10 Board-level committees and no Director served as a Chairman of more than five committees of the companies in which he is a Director. As of 15 December 2016, the Company's Board comprised of ten directors. The Chairman of the Board is a non-executive Independent Director. The Managing Director and CEO is an Executive of the Company. As of 15 December 2016, the Board consisted of the following members.

Name	Designation
Mr. Lakshminarayanan Subramanian . . . . .	Chairman, Independent Director
Mr. Umesh Revankar . . . . .	Managing Director and CEO
Mr. Sumati Prasad Mishrilal Bafna . . . . .	Independent Director
Mr. Amitabh Chaudhry . . . . .	Independent Director
Mrs. Kishori Udeshi . . . . .	Independent Director
Mr. Srinivasan Sridhar . . . . .	Independent Director
Mr. Puneet Bhatia . . . . .	Non-Executive and Non-Independent Director
Mr. Gerrit Lodewyk Van Heerde . . . . .	Non-Executive and Non-Independent Director
Mr. D.V. Ravi . . . . .	Non-Executive and Non-Independent Director
Mr. Ramakrishnan Subramanian . . . . .	Non-Executive and Non-Independent Director

### Profile of Directors

#### Mr. Lakshminarayanan Subramanian

Mr. Lakshminarayanan Subramanian is a Non-Executive Chairman and Independent Director of our Company. He holds a bachelor's degree in science and a post-graduate diploma from University of Manchester (UK) in Advanced Social and Economic Studies. Mr. Lakshminarayanan Subramanian was a member of the Indian Administrative Service (retired) and as such held several senior positions in the Ministry of Home Affairs, Ministry of Communications and Information Technology, Ministry of Information and Broadcasting of the Government of India and in the Department of Tourism, Culture and Public Relations, and the Department of Mines, Mineral Resources, Revenue and Relief and Rehabilitation of the Government of Madhya Pradesh.

#### Mr. Umesh Govind Revankar

Mr. Umesh Govind Revankar holds a bachelor's degree in business management from Mangalore University and a master of business administration (MBA) in finance. He attended the Advanced Management Program at Harvard Business School. Mr. Revankar started his career with the Shriram group as an executive trainee in 1987. He has been associated with the Shriram group for the last 28 years and has extensive experience in the financial services industry. During his stint with the Shriram group, he has been shouldered with various responsibilities and worked in several key roles of business operations.

### **Mr. Sumati Prasad Mishrilal Bafna**

Mr. Sumati Prasad Bafna is an Independent Director on our Board. He is a science graduate from Mumbai and began his career in 1984. Mr. Bafna has over 30 years of experience in the automobile industry. Subsequently, he started an independent Tata Motors dealership at Ratnagiri, Maharashtra in 1995 and a Mumbai dealership in 2001. His company has been a prominent dealer for Tata Motors Limited. He also holds dealerships of vehicles manufactured by Honda, Hyundai and Maruti Udyog Limited.

### **Mr. Amitabh Chaudhry**

Mr. Amitabh Chaudhry is an Independent Director on our Board. Mr. Amitabh Chaudhry holds an MBA degree from Indian Institutes of Management, Ahmedabad and a B. Tech (Electrical and Electronics) from BITS, Pilani. Mr. Chaudhry has over 26 years of experience in different capacities with leading Indian financial services groups, technology service companies and international banks. Mr. Chaudhry is the Managing Director and CEO of HDFC Standard Life Insurance Company Limited. He also serves on the Board of Manipal Global Education Services Private Limited.

### **Mrs. Kishori Udeshi**

Mrs. Kishori Udeshi is an Independent Director on our Board. Mrs. Udeshi holds a master's degree in Economics from Bombay University. She is a retired Deputy Governor of the RBI. During her career with RBI, she handled important portfolios including the regulation and supervision of banking and non-banking sector. As Deputy Governor, she was chairman of BRBNM (P) Ltd. and DICGC and was on the boards of SEBI, NABARD and Exim Bank. She served as a Member of the Financial Sector Legislative Reforms Commission set up by the Government of India in 2011.

### **Mr. Srinivasan Sridhar**

Mr. Srinivasan Sridhar is an Independent Director on our Board. He studied at the Indian Institute of Technology, Delhi and the Jamnalal Bajaj Institute of Management Studies, Mumbai. He was awarded the Lord Aldington Banking Research Fellowship in 1984 by the Indian Institute of Bankers. He was Chairman and Managing Director of Central Bank of India until 31 May 2011 and previously of National Housing Bank, India's regulator of housing finance companies and the financial institution for housing. Mr. Sridhar started his career with State Bank of India and also worked as Executive Director and Chief Operating Officer of Export Import Bank of India between 2001 and 2006. Mr. Sridhar was on the Managing Committee of the Indian Banks Association, and served on the Emerging Markets Council of the Institute of International Finance, Washington D.C.

### **Mr. Puneet Bhatia**

Mr. Puneet Bhatia is a Non-Executive, Non-Independent Director on our Board. He is Managing Director and Country Head for TPG Capital India. Prior to joining TPG Capital India in April 2002, he was the Chief Executive, Private Equity Group for GE Capital India (**GE Capital**), where he was responsible for conceptualising and creating its direct and strategic private equity investment group. He was also responsible for affecting some of GE Capital's joint ventures in India. Prior to his work at GE Capital, he worked with ICICI Limited from 1990 to 1995 in the Project and Corporate Finance group and as a senior analyst with Crosby Securities from 1995 to 1996. He holds a bachelor of commerce honours degree from the Sriram College of Commerce, Delhi and an MBA from the Indian Institute of Management, Calcutta.

### **Mr. Gerrit Lodewyk Van Heerde**

Mr. Gerrit Van Heerde is a Non-Executive, Non-Independent Director on our Board. He holds a bachelor's degree in Commerce from the University of the North West and an honours degree in Actuarial Science from the University of Stellenbosch in South Africa. He is a fellow of the Institute and Faculty of Actuaries in the UK and a fellow of the Actuarial Society of South Africa. He is the Chief Financial Officer of Sanlam Emerging Markets and has 22 years of experience in the financial services industry, during that time holding various positions at the Sanlam Group.

### **Mr. D.V. Ravi**

Mr. D.V. Ravi is a Non-Executive, Non-Independent Director on our Board. He is a commerce graduate from the University of Bangalore and holds a post-graduate degree in management from the Institute of Rural Management, Anand. He currently serves as the Managing Director of Shriram Capital Ltd. He also serves on the boards of various companies under the Group. He is also the Non-Executive Director and co-founder of TAKE Solutions Ltd., a global technology solutions and service provider. Mr. Ravi has also spearheaded several successful mergers and acquisitions for TAKE. He joined the commercial vehicle finance business of Shriram Group in 1992 as Head of Investment Servicing. He started his career in strategy and finance in 1987 with Karnataka Oil Seeds Federation, Bangalore. Over time, his portfolio grew to include key areas of Corporate Strategy and Services, Corporate Finance, Information Technology and Process activities of the Group.

### **Mr. Ramakrishnan Subramanian**

Mr. Ramakrishnan Subramanian is a banker with over 24 years of leadership experience across Asia, including India, Singapore, Hong Kong Thailand, Vietnam and Philippines in leading organisations such as Citibank, HDFC Bank, ING and Standard Chartered Bank. He holds a Chartered Accountancy and Cost Accountancy qualification and a Masters in Commerce from Madras University. He is the Managing Director and CEO of Shriram Capital Ltd., the holding company for the financial services and insurance entities of Shriram Group.

He has worked in growth, transformation and set up roles and has led large teams of people in India and across Asian locations. In India, he was part of the management team that set up the retail banking arm of HDFC bank. He was responsible for establishing the pan India credit & collections function and was the country head and founding member of the Retail Assets group at HDFC Bank.

He is a strategic thinker with a strong execution track record of creating business platforms, motivating, coaching & leading teams and a positive engagement with stakeholders.

### **Committees**

Our Company has been complying with the requirements of the applicable regulations, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulation) and the applicable requirements prescribed by SEBI in respect of corporate governance, including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board is constituted in compliance with the Companies Act, 2013; the Listing Agreement with the Stock Exchanges where our securities are listed and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of our Company periodically provides the Board with detailed reports on its performance.

Our Company has established seven committees of Directors: (1) Audit Committee, (2) Nomination Remuneration and Compensation Committee, (3) Stakeholders Relationship Committee, (4) Corporate Social Responsibility Committee, (5) Risk Management Committee, (6) Asset Liability Management Committee and (7) Banking and Finance Committee.

Apart from the Committees mentioned above, the Board has constituted the Investment Review Committee, Debt Issuance Committee, Allotment Committee and Securities Transfer Committee.

### ***Audit Committee***

The Audit Committee of our Company was constituted in line with the provisions of Regulation 18 of the SEBI Regulation read with Section 177 of the Companies Act, 2013.

The Audit Committee is entrusted with, *inter alia*, the following roles and responsibilities:

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and annual financial statements.
- To recommend appointment, re-appointment of auditors and the fixing of their remuneration. Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with management, the financial statements before submission to the Board.
- Reviewing, with management, performance of statutory and internal auditors and, adequacies of the internal control systems.
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Approving or making any subsequent modification of transactions of the Company with related parties.
- Reviewing inter-corporate loans and investments.
- Reviewing the functioning of the whistle blower mechanism.

As of 15 December 2016, the Audit Committee had five members:

- Mr. S. Sridhar;
- Mrs. Kishori Udeshi;
- Mr. Sumati Prasad Mishrilal Bafna;
- Mr. Puneet Bhatia; and
- Mr. Ramakrishnan Subramanian.

### ***Nomination Remuneration and Compensation Committee***

The Nomination Remuneration and Compensation (NRC) Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, if the company's policy on the specific remuneration package for the Managing Director and CEO, including any compensation payments and any other benefits.

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to the ESOS, including administration of our Company's stock incentive plans and other similar incentive plans, and interpretation and adoption of rules for the operation thereof. The Committee's responsibility also covers the establishment of guidelines for and approval of the grant of stock options to key employees, officers and directors of our Company, including determination of the number of shares to be covered by each option, whether the option will be an incentive stock option or otherwise, and the vesting schedule for such options.

As of 15 December 2016, the NRC Committee had four members:

- Mr. Sumati Prasad Mishrilal Bafna;
- Mr. Lakshminarayanan Subramanian;
- Mr. Puneet Bhatia; and
- Mr. Amitabh Chaudhry.

### ***Stakeholders Relationship Committee***

The Stakeholders Relationship Committee is responsible for assisting the Board in its overall responsibilities for attending to and redressal of the grievances of the security holders and investors of our Company. The committee has, *inter alia*, the following roles and responsibilities:

- Listing of securities on stock exchanges;
- Reviewing security holders' complaints on matters relating to transfer of securities, non-receipt of annual report non-receipt of dividends/interest and other matters related thereto and resolution of grievances of security holders of the Company;
- Reviewing ways to facilitate better investor services and relations; and
- Attending to the complaints of security holders forwarded by SEBI (SCORES), stock exchanges, RBI and other regulatory authorities.

As of 15 December 2016, the Stakeholders Relationship Committee had four members:

- Mr. Lakshminarayanan Subramanian;
- Mr. Umesh Revankar;
- Mr. Amitabh Chaudhry; and
- Mr. Ramakrishnan Subramanian.

### ***Corporate Social Responsibility (CSR) Committee***

The committee has, *inter alia*, the following roles and responsibilities:

- Formulating and recommending to the Board of Directors the corporate social responsibility policy and monitoring the same from time to time.
- Reviewing and evaluating the sustainability agenda, suggesting modifications and discussing and recommending an action plan to take the CSR activities forward.
- Reviewing the Company's business performance and publishing a business responsibility report.
- Monitoring the amount spent on CSR projects, programmes and activities as per the Company's CSR policy.

As of 15 December 2016, the Corporate Social Responsibility Committee had five members:

- Mr. Lakshminarayanan Subramanian;
- Mr. Umesh Revankar;
- Mrs. Kishori Udeshi;
- Mr. Amitabh Chaudhry; and
- Mr. Puneet Bhatia.

### ***Risk Management Committee***

The committee has the responsibility of reviewing the risk management policy, approving, implementing and monitoring the risk management plan and such other matters as may be delegated by the Board from time to time.

As of 15 December 2016, the Risk Management Committee had four members:

- Mr. Umesh Revankar;
- Mr. D.V. Ravi;
- Mr. S.Sunder; and
- Mr. Ramakrishnan Subramanian.

### ***Asset Liability Management Committee***

The committee is responsible for assisting the Board in balance sheet planning from risk-return perspective including the strategic management of interest and liquidity risk. The committee in particular has the responsibilities of liquidity risk management, management of market risks, funding and capital planning, profit planning and growth projection and forecasting and analysing future business environment and preparation of contingency plans.

As of 15 December 2016, the Asset Liability Management Committee had four members:

- Mr. Umesh Revankar;
- Mrs. Kishori Udeshi;

- Mr. Ramakrishnan Subramanian; and
- Mr. Parag Sharma.

***Banking and Finance Committee***

The Banking and Finance Committee has been formed to monitor resources mobilisation and to ensure efficient and timely decisions on the matters relating to banking and finance activities of our Company. The committee meets regularly to discharge its functions.

As of 15 December 2016, the Banking and Finance Committee had three members:

- Mr. Umesh Revankar;
- Mr. S. Sunder; and
- Mr. Parag Sharma.

## REGULATION AND POLICIES IN INDIA

*The following is a summary of the relevant regulations and policies prescribed by the Government and other regulatory bodies that are applicable to the Issuer's business. The information has been obtained from legislation available in the public domain, and may not be exhaustive. It is merely intended to provide general information and is neither designed nor intended to be a substitute for professional legal advice.*

*The statements below are based on the current provisions of Indian law, which is subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

*Investors should carefully consider the information described below, together with the information set out in other sections of the Offering Circular including the financial statements before making an investment decision relating to the Notes, as any changes in the regulations and policies could have a material adverse effect on the Issuer's business.*

### **I. NBFC Regulations**

NBFCs are primarily governed by the RBI Act, 1934 (**RBI Act**); Master Directions Non Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank Directions), 2016; the Master Direction — Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 (**Public Deposit Directions**); Master Direction on Non Banking Financial Company Non Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016; Master Direction — Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Master Direction — Non Banking Financial Company Returns (Reserve Bank) Directions, 2016, each as amended. Additionally, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

#### **1. The Reserve Bank of India Act, 1934 (RBI Act)**

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs. The RBI Act defines an NBFC as:

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company and has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; and
- (iii) such other non-banking institution(s), as the RBI may notify in the official gazette, with the central government's prior approval.

The RBI has clarified that, while identifying a company as an NBFC, it will consider both the assets and the income pattern from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if: (i) its financial assets are more than 50.0 per cent. of its total assets (netted off by intangible assets); and (ii) income from financial assets is more than 50.0 per cent. of the gross income.

## 2. *Classification of NBFCs*

Under Section 45-IA of the RBI Act, an NBFC is required to mandatorily register itself with RBI either as a deposit accepting NBFC (**NBFC-D**) or as a non-deposit accepting NBFC (**NBFC-ND**). They are also classified as non-deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND), and by the type of activity they conduct. NBFCs registered with RBI are further classified as asset finance companies, investment companies, loan companies, infrastructure finance companies, systemically important core investment companies, infrastructure debt fund — NBFCs, NBFC — micro-finance institutions, NBFC — factors, mortgage guarantee companies and NBFC — non-operative financial holding companies.

The Issuer has been classified as an NBFC-D and is further classified as an “asset finance company” having financing of physical assets supporting productive/economic activity as its principal business.

## 3. *Regulatory Requirements of an NBFC*

### *Net Owned Fund*

Every NBFC must obtain a certificate of registration (**CoR**) and have a minimum net owned fund of ₹20 million. Further, every NBFC is required to submit to RBI a certificate from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case not later than 30 December of that year, specifying that it is engaged in the business of a non-banking financial institution, requiring it to hold a CoR. For this purpose “net owned fund” means:

- (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net), and (iv) other intangible assets; and
- (b) further reduced by the amounts representing:
  - (1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and
  - (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with: (i) subsidiaries of such companies, and (ii) companies in the same group;

to the extent such amount exceeds 10.00 per cent. of (a) above.

### *Reserve Fund*

NBFCs must create a reserve fund of 20.00 per cent. of its annual net profits before declaration of dividend, which has to be appropriated only for the purposes specified by RBI. Further, every such appropriation is required to be reported to the RBI within 21 days from the date of withdrawal.

### *Maintenance of liquid assets*

Every NBFC-D must invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price an amount which shall at the close of business on any day be not less than 10 per cent. in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15 per cent. of the public deposit outstanding at the last working day of the second preceding quarter.

**4. Master Direction — Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, (Public Deposit Directions)**

The RBI's Public Deposit Directions govern the manner in which NBFCs may accept and/or hold public deposits and put the following restrictions on NBFCs in connection with accepting public deposits:

- (i) NBFCs are prohibited from accepting any public deposit which is repayable on demand.
- (ii) Asset finance companies (a) having minimum net owned funds of ₹20 million and (b) complying with all the prudential norms, may accept or renew public deposit, together with the amounts remaining outstanding on the books of the company as on the date of acceptance or renewal of such deposit, not exceeding 1.50 times its net owned funds. Asset finance companies holding public deposits in excess of the limit of 1.50 times its net owned funds shall not renew or accept fresh deposits until such time they reach the revised limit.
- (iii) All existing unrated asset finance companies that have been allowed to accept deposits are required to get rated by 31 March 2016. Those which do not get an investment grade rating by 31 March 2016 will not be allowed to renew existing or accept fresh deposits thereafter. In the interim period, i.e. until 31 March 2016, unrated asset finance companies or those with a sub-investment grade rating can only renew existing deposits on maturity, and not accept fresh deposits, until they obtain an investment grade rating. In the event of the downgrading of a credit rating below the minimum investment grade, the asset finance company shall make the excess deposit compliant in the following manner:
  - (a) with immediate effect, stop accepting fresh public deposits and renewing existing deposits;
  - (b) all existing deposits should run off to maturity; and
  - (c) report the position, within 15 working days, to the concerned regional office of RBI where the NBFC is registered.
- (iv) An NBFC cannot invite or accept or renew, a public deposit at a rate of interest exceeding 12.50 per cent. per annum. Such interest may be paid or compounded at intervals, which shall not be shorter than monthly intervals.
- (v) An NBFC cannot grant any loan against a public deposit or make premature repayment of a public deposit until three months after the date of accepting such deposit.

**5. Master Directions on Non Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016**

NBFC-Ds must comply with prescribed capital adequacy ratios, single and group exposure norms and other prudential requirements prescribed under the Prudential Norms. Some of the key obligations are:

- (i) NBFC-Ds must follow recognised accounting principles while recognising income and income including interest/discount or any other charges on NPA is recognised only on realisation. Any income recognised contrarily must be reversed.

Non-performing asset means

- (a) an asset, in respect of which, interest has remained overdue for a period of six months or more; or
- (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;

- (c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
- (d) a bill which remains overdue for a period of six months or more;
- (e) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;
- (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;

Provided that the period of "six months or more" stipulated in (a) to (f) above shall be "five months or more" with respect to financial year ending 31 March 2016; "four months or more" with respect to financial year ending 31 March 2017 and "three months or more" for the financial year ending 31 March 2018 and thereafter;

- (g) the lease rental and hire purchase instalment, which has become overdue for a period of twelve months or more;

Provided that the period of 'twelve months or more' stipulated in this sub-clause shall be 'nine months or more' for the financial year ending 31 March 2016; 'six months or more' for the financial year ending 31 March 2017; and 'three months or more' for the financial year ending 31 March 2018 and thereafter.

- (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted, the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset;

Provided that in the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

- (ii) Every NBFC-D must, after considering the degree of well defined credit weaknesses and dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:
  - *Standard assets* — An asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
  - *Non-performing assets* — A Non-Performing Asset will be classified as under:
    - *Sub-standard assets* — An asset which has been classified as an NPA for a period not exceeding 18 months, provided that the period 'not exceeding 18 months' shall be 'not exceeding 16 months for the financial year ending 31 March 2016 (14 months for the financial year ending 31 March 2017 and 12 months for financial year ending 31 March 2018 and thereafter) or where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms;
    - *Doubtful assets* — An asset which remains a sub-standard asset for a period exceeding 18 months for the financial year ended 31 March 2015, exceeding 16 months for the financial year ending 31 March 2016, 14 months for the financial year ending 31 March 2017 and 12 months for the financial year ending 31 March 2018 and thereafter; and

- *Loss assets* — (a) An asset which has been identified as a loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent that it is not written off by the NBFC; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

- (iii) Every applicable NBFC shall make provisions for standard assets at 0.30 per cent., by the end of March 2016; 0.35 per cent by the end of March 2017 and 0.40 per cent by the end of March 2018 and thereafter, of the outstanding standard assets. The compliance with the revised norm will be phased in as given above:

The provisions on standard assets are not reckoned upon for arriving at net NPAs. The provisions towards standard assets are not required to be netted from gross advances but are shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the 'General Provisions on Standard Assets' in Tier II capital which together with other 'general provisions/loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25 per cent. of the total risk-weighted assets.

- (iv) An NBFC-D must make provision against sub-standard assets, doubtful assets and loss assets after considering the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged by RBI. Further, such assets cannot be upgraded merely because of rescheduling, unless it satisfies the conditions required for such upgrades. Provisioning must be made in the following manner:

*Sub-standard assets:* A general provision of 10.0 per cent. of the total outstanding assets is required to be made.

*Doubtful assets:* A 100.0 per cent. provision to the extent to which the advance is not covered by the realisable value of the security to which the NBFC has a valid recourse is required to be made. The realisable value is to be estimated on a realistic basis. In addition to the foregoing, depending upon the period for which the asset has remained doubtful, provision is required to be made as follows:

- if the asset has been considered doubtful for up to one year, provision to the extent of 20.0 per cent. of the secured portion is required to be made;
- if the asset has been considered doubtful for one to three years, provision to the extent of 30.0 per cent. of the secured portion is required to be made; and
- if the asset has been considered doubtful for more than three years, provision to the extent of 50.0 per cent. of the secured portion is required to be made.

*Loss assets:* The entire asset is required to be written off. If the assets are permitted to remain in the books for any reason, 100.0 per cent. of the outstanding assets should be provided for.

- (v) No NBFC-D can lend against its own shares.
- (vi) A NBFC-D which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit, cannot grant any loan or any other credit facility or make any investment or create any other asset while the default exists.
- (vii) Every NBFC-D must submit online a quarterly return on prudential norms within a period of 15 days of the expiry of the relative quarter to which it pertains in the format available on the RBI website.

- (viii) Every NBFC-D shall maintain a minimum CAR consisting of Tier I and Tier II capital which must not be less than 15.0 per cent. of its aggregate risk-weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. The total of Tier I capital at any point of time shall not be less than 8.5 per cent. by 31 March 2016 and 10.0 per cent. by 31 March 2017. The total of Tier II capital of any NBFC-D, at any point of time, must not exceed 100.0 per cent. of Tier I capital.
- (ix) Every NBFC-D is required to separately disclose in its balance sheet the provisions made in accordance with the applicable prudential norms prescribed by the RBI without netting them from the income or against the value of assets. Further, the provisions must be distinctly indicated under separate heads of account as under:
- provisions for bad and doubtful debts; and
  - provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the NBFC-D and for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads, general provisions and loss reserves, may be written back without making adjustment against them.

- (x) The RBI has framed the fair practice guidelines, to promote good and fair practices by setting minimum standards to be adhered to by NBFCs in dealing with customers. These guidelines require NBFCs to function in a fair and transparent manner in all respects. Further, the said guidelines prescribe the requirements in connection with information to be provided and disclosures to be made by NBFCs to their customers including information on interest rates, common fees and charges. Further, they provide clear information explaining the key features of their services and products that customers are interested in, provide information on any type of product and service offered that may suit the customer's needs and inform the customers about the various means through which products and services are offered.

#### *Rating of Financial Product*

- (xi) All applicable NBFCs are required to furnish to the RBI any information relating to a the change in rating of any financial products issued by them within 15 working days of such change.
- (xii) Norms for excessive interest rates

All NBFCs must formulate appropriate internal procedures for determining interest rates, processing and other charges. The board of each NBFC shall adopt an interest rate model considering the various relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed to the borrowers in the application form and communicated explicitly in the sanction letter as well as on the company's website. Further, the rate of interest would have to be annualised so that the borrower is aware of the exact rates that would be charged to the account.

- (xiii) Asset Liability Management (ALM)

The RBI has prescribed the Guidelines for Asset Liability Management under Annex XXI of the above mentioned NBFC Master Directions which are applicable to all NBFCs irrespective of whether they are accepting / holding public deposits or not. NBFCs meeting the criteria of asset base of ₹100.00 crore or more (whether accepting / holding public deposits or not) or holding public deposits of ₹20.00 crore or more (irrespective of their asset size) as per their last audited balance sheet shall be required to put in place the ALM System. The ALM system rests on the

functioning of ALM information systems within the NBFC, ALM organisations including an ALCO and ALM support groups, and the ALM process including liquidity risk management, management of market risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. The management committee of the board of directors or any other committee constituted by the board of directors oversees the implementation of the system and reviews its functionality periodically. In the case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days time-bucket should not exceed the prudential limit of 15 per cent. of outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15 per cent. of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown as a footnote in the relevant statement.

(xiv) Corporate Governance

The RBI has issued certain corporate governance guidelines for the consideration of all NBFC-ND with an asset size of ₹5,000.00 million and above and all NBFC-D which include the constitution of an Audit Committee, a Nomination Committee and a Risk Management Committee. The guidelines have also issued instructions for the framing of internal guidelines on corporate governance with the approval of the board of directors of the NBFC and also for the rotation of the partners of the chartered accountancy firm conducting its audit every three years.

6. *Master Directions on Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 (the Auditor's Directions)*

In addition to their obligations under the Companies Act every auditor of an NBFC, is also required to make a separate report on the accounts of the NBFC to the Board of Directors (the **Report**) confirming:

- (i) that the NBFC-D has obtained a CoR from the RBI and is entitled to continue to hold such CoR in terms of its principal business criteria (financial asset/income pattern) as of March 31 of the financial year in which the Report is submitted;
- (ii) that the NBFC meets the prescribed net owned fund requirement;
- (iii) that the NBFC-D has complied with the provisions of the Public Deposit Directions and the Non-Banking Financial Company Returns (Reserve Bank) Directions, and its capital adequacy ratio as disclosed in the return submitted to the RBI has been correctly determined and is in compliance with the minimum capital to risk (weighted) assets ratio prescribed by the RBI; and
- (iv) that the NBFC-D has complied with the liquid assets requirement as prescribed by the RBI in exercise of its powers under section 45-IB of the RBI Act.

The Report should contain reasons for any unfavorable or qualified statement or failure to express opinion on any matter by the auditor. The auditor is obliged to submit an exception report to the RBI in such a case.

Every NBFC must submit a certificate from its statutory auditor to the regional office of the Department of Non-Banking Supervision of the RBI under whose jurisdiction the NBFC is registered, within one month from the date of finalisation of the balance sheet and in any case not later than December 30th of that financial year, that it is engaged in such business requiring it to hold a CoR under Section 45-IA of the RBI Act and is eligible to hold it.

The statutory auditor of the NBFC-D is required to submit to the Board of Directors of the company a report *inter alia* certifying that such company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts and standard assets as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

## 7. *Anti-Money Laundering*

The RBI issued Master Direction — Know Your Customer (KYC) Directions, 2016 and has specified that a proper policy framework for the Prevention of Money Laundering Act, 2002 (**PMLA**) is put into place in NBFCs. The PMLA seeks to prevent money laundering and extends to all banking companies and financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of the PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record for (i) all cash transactions of value of more than ₹1.00 million; and (ii) all series of cash transactions integrally connected to each other which have been valued below ₹1.00 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹1 million. Further, all NBFCs are required take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

## II. Regulation of Corporates

### *Companies Act*

Our Company is a company incorporated and registered under the Companies Act, 1956 and therefore governed by its provisions and the rules made thereunder. The Companies Act, 2013 replaced the Companies Act, 1956 entirely as and when fully notified. The Ministry of Corporate Affairs (**MCA**) has, as of the date of this Offering Circular, notified (i) 98 sections of the Companies Act, 2013, which are effective from 12 September 2013; (ii) Section 135 and Schedule VII of the Companies Act, 2013 in relation to corporate social responsibility on 27 February 2014, which are effective from 1 April 2014; (iii) 183 sections and Schedules I to VI, which were notified on 26 March 2014 and are effective from 1 April 2014; (iv) 6 sections of the Companies Act, 2013, which are effective from 18 May 2016; (v) 29 sections in relation to the National Company Law Tribunal and National Company Law Appellate Tribunal were notified on 1 June 2016 with effect from 1 June 2016 and the MCA further notified 9 sections of the Companies Act, 2013, with effect from 9 September 2016; (vi) 8 sections of the Companies Act, 2013, which are effective from 9 September 2016; and (vii) 100 sections of the Companies Act, 2013, which were notified on 7 December 2016 and are effective from 15 December 2016. The substantial operative part of the legislation is in the rules, and the rules for implementation of majority of the chapters of the Companies Act, 2013 have also been notified and are effective from 1 April 2014.

The Companies Act, 2013 intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as: (i) increasing the accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of the Serious Fraud Investigation Office for investigation of fraud relating to companies and special courts for summary trial of offences under the Companies Act, 2013; (ix) a better framework for insolvency regulation; (x) making CSR mandatory for every company having a net worth of ₹5,000.00 million or more, turnover of ₹10,000.00 million or more or a net profit of ₹50.00 million or more during any financial year; (xi) introducing the National Company Law Tribunal and its appellate authority the National

Company Law Appellate Tribunal, which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority with the intention that all lawsuits relating to companies are made to one body; (xii) providing rules on insider dealing, forward contracts, related party transactions and acceptance of deposits; and (xiii) the implementation of a fixed and variable legislation model with various provisions of the Companies Act, 2013 delegating rule making power to the Central Government. The Companies Act, 2013 has introduced various sections which significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including the Issuer. For transition purposes, the Companies Act, 2013 encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered and registers maintained under the Companies Act, 1956 (unless contrary to the Companies Act, 2013) will continue to be valid under the Companies Act, 2013.

### **III. Regulation of Foreign Investment**

#### **1. Foreign Exchange Management Act (FEMA) Regulations**

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion (**DIPP**) of the Government, which is regulated by the Foreign Investment Promotion Board, India (**FIPB**).

The RBI, while exercising its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (**FEMA Regulations**) to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As laid down by the FEMA Regulations, no prior consent and approval is required from the RBI for foreign direct investment (**FDI**) under the “automatic route” within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

#### **2. Foreign Direct Investment**

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy (**FDI Policy**) by the DIPP. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector concerned. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route.

In addition:

- (i) As per the sector specific guidelines of the Government of India, 100.00 per cent. FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with the guidelines of the RBI in this regard.
- (ii) Minimum Capitalisation Norms for fund-based NBFCs:
  - (a) For FDI up to 51.00 per cent. — U.S.\$5.00 lacs to be brought upfront.
  - (b) For FDI above 51.00 per cent. and up to 75.00 per cent. — U.S.\$50.00 lacs to be brought upfront.

- (c) For FDI above 75.00 per cent. and up to 100.00 per cent. — U.S.\$500.00 lacs out of which U.S.\$75.00 lacs to be brought upfront and the balance in 24 months.
- (iii) Minimum capitalisation norm of U.S.\$5.00 lacs is applicable in respect of all permitted non-fund based NBFCs with foreign investment.
- (iv) Foreign investors can set up 100.00 per cent. operating subsidiaries without the condition to disinvest a minimum of 25.00 per cent. of their equity to Indian entities, subject to bringing in U.S.\$500.00 lacs as at (ii)(c) above (without any restriction on the number of operating subsidiaries without bringing in additional capital).
- (v) Joint ventures operating NBFCs that have 75.00 per cent. or less foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (ii)(a) and (ii)(b) above.
- (vi) Every NBFC-D must submit quarterly returns (NBS-1, NBS-2 and NBS-3) within a period of fifteen days of the expiry of the quarter to which it pertains in the prescribed form through online system.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. If FIPB approval is obtained, no approval of the RBI is required except for fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

#### **IV. Regulation of External Commercial Borrowings (ECBs)**

The current laws relating to ECBs as applicable to the issue of the Notes are embodied in the guidelines (**ECB Guidelines**). ECBs can be accessed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route requires prior RBI approval. The ECB Guidelines classify ECBs under the categories:

- (i) medium term foreign currency denominated ECBs with minimum average maturity of three to five years (**Track I ECBs**);
- (ii) long term foreign currency denominated ECBs with minimum average maturity of ten years (**Track II ECBs**); and
- (iii) Indian Rupee denominated ECBs with minimum average maturity of three to five years (**Track III ECBs**).

##### ***Automatic route***

The following entities have been classified as recognized borrowers for raising Track I ECBs: (i) companies in the manufacturing and software development sectors; (ii) shipping and airlines companies; (iii) Small Industries Development Bank of India; (iv) units in special economic zones in India. (**SEZ**); (v) Export Import Bank of India; and (vi) companies in the infrastructure sector, NBFC-Infrastructure Finance Companies, NBFCs-Asset Finance Companies, holding companies and core investment companies. For Track II ECBs, all entities eligible under Track I ECBs can raise ECBs in addition to real estate investment trusts and infrastructure investment trusts coming under the regulatory framework of SEBI. In case of Track III ECBs, all entities eligible under Track II ECBs

can raise ECBs in addition to (i) all NBFCs coming under the purview of RBI; (ii) NBFCs-micro finance institutions, not for profit companies, societies, trusts and co-operatives, non-government organisations engaged in micro-finance activities; (iii) companies engaged in miscellaneous services such as research and development, companies supporting infrastructure and companies providing logistics services; and (iv) developers of SEZ and national manufacturing and investment zones (NMIZ).

The foreign lenders eligible to provide all the categories of ECBs include, *inter alia*: (i) international banks; (ii) international capital markets; (iii) multilateral financial institutions or regional financial institutions and Government-owned development financial institutions; (iv) export credit agencies; (v) suppliers of equipment; (vi) foreign equity holders; and (vii) overseas long term investors, including prudentially regulated financial entities, pension funds, insurance companies, sovereign wealth funds and financial institutions located in international financial services centers in India. Foreign branches or subsidiaries of Indian banks may only participate in Track I ECBs.

ECB proceeds under Track I can be utilised for, *inter alia* (i) capital expenditure in the form of import and local sourcing of capital goods, new projects and modernisation or expansion of existing production units; (ii) overseas direct investment; (iii) acquisition of shares in the Government's disinvestment programme of public sector units; (iv) refinancing of existing ECBs, provided the residual maturity is not reduced. The proceeds of Track II ECBs and Track III ECBs can be used for all purposes, excluding (i) real estate activities; (ii) investing in capital markets or equity in the domestic Indian market; (iii) on-lending to other entities for the above mentioned objectives; and (iv) purchase of land. NBFCs, under Track III ECBs, can use ECB proceeds only for (i) on-lending to infrastructure sector; (ii) providing hypothecated loans to domestic entities for acquisition of capital goods and equipment; and (iii) providing capital goods and equipment to domestic entities by way of lease and hire-purchases. Further, developers of SEZ and NMIZ can raise ECB only for providing infrastructure facilities within the SEZ and NMIZ. NBFC and micro finance institutions, other micro finance institutions, non governmental organizations and not for profit companies registered under the Companies Act can raise ECB only for on-lending to self-help groups or for micro-credit or for bona fide micro finance activity including capacity building.

Further, the maximum amount which can be raised every fiscal year under the automatic route is U.S.\$750.00 million or its equivalent for companies in the infrastructure and manufacturing sector, NBFC — infrastructure finance companies, NBFC — asset finance companies, holding companies and core investment companies, U.S.\$200.00 million or its equivalent for companies in the software development sector, U.S.\$100.00 million or its equivalent for entities engaged in micro finance activities and U.S.\$500.00 million or its equivalent for remaining entities. The all-in cost (which includes rate of interest, other fees and expenses in foreign currency or Indian Rupees but does not include commitment fees, prepayment fees, payments for withholding tax in Rupees) ceilings for (i) Track I ECBs is 300 basis points per annum over six month LIBOR for ECBs with minimum average maturity between three and five years and 450 basis points per annum over six month LIBOR for ECBs with minimum average maturity of more than five years; (ii) Track II ECBs is 500 basis points per annum over the benchmark; and (iii) Track III ECBs will be in compliance with market conditions.

### ***Approval route***

All ECBs falling outside the automatic route limits are considered by the RBI under the approval route. ECBs which can be obtained with prior RBI approval include, *inter alia*: (i) import of second hand goods under the Director General of Foreign Trade guidelines for Track I ECBs; and (ii) on lending by the Export-Import Bank of India under Track I ECBs.

### ***Creation of Security***

Under the present ECB Guidelines, the choice of security to be provided is left to the borrower. ECBs may be secured, after approval by the AD Bank, by creation of a charge on immovable assets, movable assets, financial securities and the issue of corporate and/or personal guarantees in favour of an overseas lender or a security trustee, to secure the ECB, subject to certain conditions.

## **Creation of Charge on Movable Assets**

In the event of enforcement of the charge over movable assets, the claim of the lender, whether the lender takes possession over the movable asset or otherwise, will be restricted to the outstanding claim against the ECB.

### ***Filing and regulatory requirements in relation to issuance of Notes***

An ECB borrower is required to obtain a loan registration number (LRN) from the RBI before an issuance of Notes is effected. To obtain this, ECB borrowers are required to submit a completed Form 83 certified by a company secretary or a chartered accountant to the AD Bank of the ECB borrower. The AD Bank is then required to forward the completed Form 83 to the RBI.

Any ECB borrower is required to submit an ECB-2 Return on a monthly basis via its AD Bank to the RBI.

### ***Procedure in relation to any change to the Terms and Conditions of the Notes***

Any change in the terms and conditions of the Notes after obtaining the LRN requires the prior approval of the RBI or AD Bank, as the case may be. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, the purpose for which the ECB is utilised, all-in costs, cancellation of LRN, reduction in amount of the ECB or any change to the AD Bank) may be approved by the AD Bank under a delegated authority from the RBI subject to certain conditions being complied with. Any redemption of the Notes prior to their stated maturity, including on occurrence of an event of Default or for taxation reasons (as further described in the Conditions) will require the prior approval of the RBI or the AD Bank, as the case may be.

### ***Issuance of Overseas Rupee-Denominated Bonds***

Pursuant to the ECB Guidelines, any company or body corporate (including NBFCs), as well as real estate investment trusts and infrastructure investment trusts, can issue plain vanilla Rupee-denominated overseas bonds with a three-year minimum maturity period. The Notes can only be subscribed or purchased by a resident of a country that is a member of the FATF or member of a FATF Style Regional Body and whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements. Additionally, investors should not be resident of a country identified in the public statement of the FATF as: (i) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

Banks incorporated in India cannot subscribe to such Rupee denominated bonds; however, they can act as arrangers and underwriters for such issuances. There is no all-in cost ceiling for Rupee denominated bond issuances and pricing is in accordance with market conditions. Issuers can raise up to U.S.\$50 billion or its equivalent per financial year under the automatic route beyond which an RBI approval would be required. The proceeds of such issuance can be used for all purposes except for: (i) real estate projects other than development of integrated township and affordable housing projects; (ii) investment in capital markets and domestic equity investments; (iii) prohibited activities under the foreign direct investment guidelines; (iv) land acquisition; and (v) on-lending to other entities for any of the above objectives.

The foreign currency to Rupee conversion will be at the market rate on the settlement date. Furthermore, investors are allowed to hedge their Rupee exposure through permitted derivative products with: (a) an AD Bank in India; or (b) the offshore branches or subsidiaries of Indian banks

on a back to back basis; or (c) branches of foreign banks with a presence in India on a back to back basis. Issuers issuing Rupee denominated bonds offshore are required to comply with provisions of the ECB Guidelines in relation to reporting requirement, security creation and parking of proceeds offshore. The issuance of Notes is being made under the automatic route under the ECB Guidelines.

In relation to the Notes, the Issuer is required to provide the list of primary Noteholders procured from the Manager to the relevant regulatory authorities in India as and when required.

## **V. Legislative Framework for Recovery of Debts and Bankruptcy**

### **1. *Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Securitisation Act)***

The Securitisation Act, as amended, provides that if any borrower who is under a liability to a secured creditor makes any default in repayment of secured debt and his account is classified as non-performing asset, then the secured creditor may require the borrower by notice in writing to discharge in full his liabilities within 60 days from the date of notice failing which the secured creditor shall be entitled to exercise all or any of the following rights.

The secured creditor may take possession of the secured assets or take over directly/indirectly the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset. Further, in the case of financing of a financial asset by more than one secured creditor or joint financing of a financial asset by secured creditors, no secured creditor shall be entitled to exercise any right unless the exercise of such right is agreed upon by the secured creditors representing not less than 60.0 per cent. in value of the amount outstanding as of a record date as determined by the secured creditors and such action shall be binding on all the secured creditors.

The Securitisation Act also provides for the setting up of asset reconstruction companies regulated by the RBI to acquire assets from banks and financial institutions by issuing a debenture or bond or any other security in the nature of debenture, for consideration agreed upon between such company and the bank or financial institution or by entering into an agreement with such bank or financial institution for transfer of such financial assets on such terms and conditions as may be agreed upon between them.

### **2. *The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (Amendment Act)***

The Amendment Act was passed by both houses of the Parliament on 9 August 2016 and received the assent of the President on 12 August 2016. 36 sections of the Amendment Act were notified by the Central Government to be effective from 1 September 2016. The Amendment Act amends four laws: (i) Securitisation Act, (ii) Recovery of Debts due to Banks and Financial Institutions Act, 1993 (**RDDBI**), (iii) Indian Stamp Act, 1899 and (iv) Depositories Act, 1996. Under the Securitisation Act, secured creditors can take possession over a collateral, against which a loan had been provided, upon a default in repayment, which can be done with the assistance of the District Magistrate. The Amendment Act provides that this process will have to be completed within 30 days by the District Magistrate. In addition, the Amendment Act (i) empowers the District Magistrate to assist banks in taking over the management of a company, in case the company is unable to repay loans by converting their outstanding debt into equity shares, and consequently holding a 51.00 per cent. stake or more in the company; (ii) creates a central database to integrate records of property registered under various registration systems with this central registry and secured creditors will not be able to take possession over the collateral unless it is registered with the central registry; (iii) provides that stamp duty will not be charged on transactions for transfer of financial assets in favour of asset reconstruction companies. In relation to the RDDBI, the Amendment Act (i) allows banks to file cases in tribunals having jurisdiction in the location of the bank branch and where the debt is pending; and (ii) provides further details of procedures that the tribunals will follow in case of debt recovery proceedings.

### **3. *Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (Debts Recovery Act)***

The Debts Recovery Act provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. Upon establishment of the Debts Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the Supreme Court and High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, in relation to matters specified in Section 17 of the Debts Recovery Act.

### **4. *The Insolvency and Bankruptcy Code, 2016***

The Insolvency and Bankruptcy Code, 2016 (the **Bankruptcy Code**) was recently passed by both houses of the Parliament of India on 11 May 2016 and received the assent of the President of India on May 28, 2016. The Bankruptcy Code primarily consolidates the existing insolvency laws, *inter alia*, relating to companies and bodies corporate with the objective of providing clarity and consistency, in treatment, to all the stakeholders in the insolvency process. The Bankruptcy Code classifies creditors into financial creditors, and operational creditors which include the financial loans for interest and loans arising from the operational nature of the debtor, respectively. The Bankruptcy Code proposes to appoint specialised insolvency professionals to assist companies and bodies corporate through the insolvency process. The Bankruptcy Code provides a 180 day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 75 per cent. of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The National Company Law Tribunal will be the adjudicating authority with jurisdiction over companies and limited liability entities. Recently, the provisions of the Bankruptcy Code relating to establishment of the Insolvency and Bankruptcy Board as the regulatory authority came into force on 5 August 2016. The provisions relating to the corporate insolvency resolution process were notified on 30 November 2016 and came into force on 1 December 2016 and certain provisions concerning Insolvency professionals and inspection and investigation came into force on 15 November 2016. The Insolvency and Bankruptcy Board was established by a notification on 1 October 2016 with its head office at New Delhi.

## **VI. Legislative Framework for Employment**

### **1. *Shops and Establishments legislation in various states***

The provisions of various Shops and Establishments legislation, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, *inter alia*, registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

### **2. *Labour Laws***

The Issuer is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

## **VII. Legal Framework for Intellectual Property**

The Trade Marks Act, 1999, the Patents Act, 1970 and the Indian Copyright Act, 1957, *inter alia*, govern the law in relation to intellectual property, including brand names, trade names and service marks, inventions and research works.

## **VIII. Tax Regulation**

### **1. *Income Tax Act, 1961***

The Income Tax Act, 1961 is applicable to every domestic and foreign company whose income is taxable depending upon its 'residential status' and 'type of income' involved.

### **2. *Service Tax***

Service tax is charged on taxable services which require a service recipient to pay such tax to the Government.

### **3. *Value Added Tax, 2005***

Value Added Tax (**VAT**) is charged by laws enacted by each State on sale of goods effected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax, that is, the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods.

### **4. *Central Sales Tax Act, 1956***

Under the Central Sales Tax Act, 1956, every dealer registered under the Act is required to furnish a return as required by the State sales tax laws of the assessing authority together with a treasury challan or bank receipt verifying payment of taxes due.

### **5. *Goods and Services Tax***

Goods and services tax (**GST**) was introduced before the Parliament of India by the Constitution (122nd Amendment) Bill, 2014. It has been passed by both the houses of the Parliament on 8 August 2016 and received the approval of the President of India on 8 September 2016 after being ratified by the majority of States in India. GST is proposed to be brought into effect from financial year 2017-18 and once introduced, would subsume the multiple indirect taxes currently being levied by both the Central and State governments into a single GST levy. This would be administered under the respective Central GST or State GST legislations. GST is expected to not only reduce the cascading effect of applicable indirect taxes, but also ensure lower compliance costs and increase efficiency of revenue collection and administration.

## TAXATION

*The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. In particular, the information does not consider any specific facts of circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.*

*Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India, the country of which they are residents or the country of purchase, holding or disposal of the Notes. Additionally, in view of the number of jurisdictions where local laws may apply, this Offering Circular does not discuss the local tax consequences to a potential holder, purchaser seller arising from the acquisition, holding or disposition of the Notes. Prospective investors must therefore inform themselves as to any tax, exchange control legislation or other laws and regulations in force relating to the subscription, holding or disposition of Notes at their place of ordinance, and the countries of which they are citizens or countries of purchase, holding or disposition of Notes.*

### **Indian Taxation**

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.

#### *Payments through India*

Any payments the Issuer makes on the Notes, including additional amounts, made through India will be subject to the regulations of RBI.

#### *Taxation of interest*

If the proceeds of the Notes are used for the purposes of the business of the Issuer in India, non-resident investors will be liable to pay tax on the interest paid on the Notes. Although the rate of tax under the Income Tax Act, 1961 (the **Income Tax Act**) is 40.00 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), the Central Board of Direct Taxes, Ministry of Finance press release dated 29 October 2015 (the **Release**) clarified it to be 5.00 per cent. which is in line with the tax rate provided under the Income Tax Act for the offshore foreign currency denominated long-term bonds, including infrastructure bonds, issued any time between 1 October 2014 and 30 June 2017, in accordance with the provisions of Section 115A and Section 194LC of the Income Tax Act and CBDT Circular no. 15/2014 dated 17 October 2014. The Release is clarificatory and is not binding in nature. Since the interest payable on the Notes is subject to taxation in India, there is a requirement to withhold tax at the applicable rate for Notes, subject to any lower rate of tax provided by an applicable Tax Treaty (as defined later), depending on the legal status of the non-resident investor and its taxable income in India.

The rates of tax will stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting of tax relief or for avoidance of double taxation (a **Tax Treaty**) and the provisions of such treaty, which provide for the taxation in India of income by way of interest at a rate lower than that stated above, and of the Income Tax Act, are fulfilled. The interest payable will be subject to withholding tax in India, subject to conditions as detailed below.

A non-resident investor will be obligated to pay such income tax in an amount equal to, or will be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability for such interest, subject to and in accordance with the provisions of the Income Tax Act. The non-resident Noteholders shall be obliged to provide all necessary information and documents, as may be required by the Issuer.

Pursuant to the Terms and Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 8, the Issuer will pay additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions.

With respect to interest on the Notes that is not subject to taxes in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on by the Issuer outside India or otherwise), the Issuer may be required to apply annually for an exemption from withholding tax under section 195(2) of the Income Tax Act.

#### *Withholding Tax*

Since the interest payable on the Notes is subject to taxation in India, there is a requirement pursuant to the Government, Ministry of Finance and Release to withhold tax at 5.00 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), subject to any lower rate of tax provided by an applicable Tax Treaty. However, as stated above, the Release does not have statutory force.

#### *Taxation of gains arising on disposition*

Any gains arising to a non-resident investor from disposition of the Notes held (or deemed to be held) as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from a disposition of the Notes held as a capital asset provided the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend on the view taken by the Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being located in India as the Issuer is incorporated in and resident in India. The Finance Act, 2016 provides that gains arising due to appreciation of the Rupee against the foreign currency at the time of redemption of Rupee denominated bonds of an Indian company subscribed to will be exempted from capital gain tax.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

- (i) a non-resident investor, who has held the Notes for a period of more than 36 months immediately preceding the date of their disposition, will be liable to pay long-term capital gains tax at a rate of 10.0 per cent. of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess) in accordance with the provisions of the Income Tax Act. These rates are subject to any lower rate provided for by an applicable Tax Treaty;
- (ii) a non-resident investor who has held the Notes for 36 months or less will be liable to pay short-term capital gains tax at a rate of up to 40.0 per cent. of capital gains (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower rate provided for by an applicable Tax Treaty; and
- (iii) in the case of a non-resident investor, the Finance Act, 2016 provides that any gains arising on account of appreciation of the Rupee against a foreign currency at the time of redemption of Rupee denominated bonds of an Indian company subscribed by such non-resident investor, shall be ignored for the computation of full value of consideration. Accordingly, such gains arising to the original non-resident investor on account of the appreciation of the Rupee against a foreign currency at the time of redemption of the Notes subscribed to by such non-resident investor, shall not be taxable as capital gains. It does not, however, deal with capital gains tax treatment in respect of: (a) the gains arising to investors prior to redemption during the life of the Notes; and (b) gains of the Notes acquired through secondary purchases; and
- (iv) any income arising to a non-resident investor from a transfer of the Notes held as stock-in-trade will be considered as business income. Business income will be subject to income tax in India only to the extent it is attributable to a “business connection in India” or, where a Tax Treaty applies, to a “permanent establishment” of the non-resident investor in India. A non-resident investor will be liable to pay Indian tax on such income at a rate of up to 40.0 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower rate provided for by a Tax Treaty.

If applicable, under the tax law, tax shall be withheld by the person making any payment to a non-resident on long-term capital gains at 10 per cent. (plus applicable surcharge, education cess and secondary and higher education cess) and short-term capital gains at 30 per cent. or 40 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the recipient of income, subject to any lower rate provided for by a Tax Treaty. Tax payable shall be computed in such manner as prescribed in this regard under the Income Tax Act. For the purpose of tax withholding, the non-resident Noteholders shall be obliged to provide the Permanent Account Number allotted by the tax authorities and all prescribed information/documents, including the Tax Residency Certificate (issued by the tax authorities of the country in which the investor is resident) for claiming the Tax Treaty benefits.

**Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.**

*Estate Duty*

No estate duty is payable at present in India in relation to the Notes.

*Gift Tax*

There is no gift tax payable at present in India in relation to the Notes.

*Stamp Duty*

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty will be payable if the Notes are brought into India for enforcement or for any other purpose. The amount of stamp duty payable will depend on the applicable State Stamp Act and the duty will have to be paid within a period of three months from the date the Notes are first received in India.

## CLEARING AND SETTLEMENT ARRANGEMENTS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that our Company believes to be reliable, and our Company does not take any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of our Company and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Clearing Systems**

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **Registration and Form**

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be represented by the Global Certificate registered in the name of a nominee of, and held by, a common depository for Euroclear and Clearstream, Luxembourg. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear or Clearstream, Luxembourg to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg and/or if individual Certificates are issued in the limited circumstances described under “*The Global Certificate — Registration of Title*”, holders of Notes represented by those individual Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from our Company for holders of book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

Our Company will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream, Luxembourg.

## **Clearing and Settlement Procedures**

### *Initial Settlement*

Upon their original issue, the Notes will be in global form represented by a Global Certificate. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date).

### *Secondary Market Trading*

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg may be effected in accordance with procedures established for this purpose by Euroclear and Clearstream, Luxembourg.

## **General**

None of Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of our Company, the Trustee or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

## SUBSCRIPTION AND SALE

The initial purchaser has, pursuant to a Purchase Agreement (the **Purchase Agreement**) dated 12 January 2017, agreed to subscribe for the principal amount of Notes, subject to the provisions of the Purchase Agreement. Notes will be subscribed at the issue price of 100.00 per cent. of the principal amount of Notes. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, no engagement in directed selling efforts with respect to the Notes may be made. Terms used in the above paragraph have the meanings given to them by Regulation S under the Securities Act.

### **United Kingdom**

The communication of an invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer may be made, and only where it will comply with all applicable provisions of the FSMA with respect to anything done in relation to the Notes in, from or otherwise involving the United Kingdom.

### **India**

(a) This Offering Circular has not and will not be registered or produced or made available to all as an offer document whether as a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of a private placement under the Companies Act or any other applicable Indian laws, with the Registrar of Companies, the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India, (b) the Notes will not be offered or sold, and have not been offered or sold, in India by means of any document and this Offering Circular or any other offering document or material relating to the Notes will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of any Indian laws, (c) the Initial Purchaser represents and agrees that:

- (a) the Offering Circular or any material relating to the Notes have not been and will not be circulated or distributed to any prospective investor who does not meet the FATF Requirements (as defined below) or to any offshore branch of an Indian bank;
- (b) the Notes will not be offered or sold and have not been offered or sold as part of the primary issuance to any person who does not meet the FATF Requirements or to any offshore branch of an Indian bank, it being agreed that the Initial Purchaser has no responsibility for determining the FATF Requirements compliance status of investors when such Notes are subsequently reoffered or resold; and
- (c) it will promptly provide to the Company (i) within two business days of the issuance of the Notes, a list of primary Noteholders in relation to the issuance of the Notes, for the purpose of submission of such a list to the relevant regulatory authorities in India which list shall contain

the name and address of the subscriber or entity subscribing, amount of subscription, and the country of residence of the subscribing entity; and (ii) on the Company's request subject to applicable laws and regulations, any other information in its possession as requested by the relevant regulatory authorities in India from time to time in relation to the Notes.

Potential investors should seek independent advice and verify compliance with FATF Requirements prior to the purchase of any Notes.

#### *Eligibility of holders of the Notes*

Holders and beneficial owners of the Notes shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

#### *Disclosure of information relating to holders of the Notes*

**The holders and beneficial owners of the Notes shall be deemed to confirm that for so long as they hold any Notes, (a) they will meet the FATF Requirements and will not be a bank in India or overseas branches of such Indian banks, and (b) they shall not create security in favour of any person, who is not in compliance with the FATF Requirements, or is a bank in India, or is an offshore branch of an Indian bank. Further, all Noteholders represent and agree that the Notes will not be offered or sold on the secondary market to any person who does not meet the FATF Requirements or which is an offshore branch of an Indian bank.**

In relation to any issuance of the Notes, the holders and beneficial owners represent and agree that they will provide all information and details about itself to the Company, to enable the Company to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required. The holders and beneficial owners will provide all information and details that they have or can procure about any subsequent transferee Noteholders (and shall provide all assistance in relation thereto) to the Company so as to enable the Company to obtain the details of the transferee Noteholders or any other information pertaining to such transferee Noteholders to enable the Company to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required.

To comply with applicable laws and regulations, the Issuer or its duly appointed agent may from time to time request Euroclear and Clearstream, Luxembourg to provide them with details of the accountholders within Euroclear and Clearstream, Luxembourg, as may be appropriate, that hold the Notes and the number of Notes held by each such accountholder. Euroclear and Clearstream, Luxembourg participants which are holders of the Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and Clearstream, Luxembourg, as may be appropriate, to disclose such information to the Issuer or its duly appointed agent.

For the purposes of this Offering Circular:

**FATF Requirements** means an investor who is a resident of a country:

- (a) that is a member of the FATF or a member of a FATF-style regional body;
- (b) whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements; and

- (c) which is not identified in a public statement of the FATF as:
  - (i) being a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or
  - (ii) being a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

### **Hong Kong**

No offer or sale in Hong Kong, by means of any document or any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance may be made; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance may be made, and there may be no issue or possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

### **Singapore**

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the document or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, may not be circulated or distributed, nor may the Notes be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

- (ii) where no consideration is or will be given for the transfer;
- (iii) pursuant to Section 276(7) of the Securities and Futures Act; or
- (iv) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

**General**

No action has been taken by the Issuer or the initial purchaser that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchaser or any affiliate of the initial purchaser is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that the initial purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

*The audited annual financial statements and unaudited condensed financial statements of our Company appearing in this Offering Circular have been prepared in accordance with Indian GAAP, which differ in certain material respects from IFRS.*

*Significant differences exist between Indian GAAP and IFRS, which might be material to the financial information herein. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between Indian GAAP and IFRS and how those differences might affect the financial information herein.*

*The following table summarises the significant differences between Indian GAAP and IFRS insofar as they are relevant to the financial statements of the Company presented in this Offering Circular.*

*There can be no assurance that the table below is complete, or that the differences described would give rise to the most material differences between Indian GAAP and IFRS. In addition, the Company cannot presently estimate the net effect of applying IFRS to its non-consolidated or consolidated results of operations or financial position, which may result in material adjustments when compared to Indian GAAP.*

Particulars	Indian GAAP	IFRS
<b>Format and content of financial statements</b> . . . . .	<p>Entities are required to present balance sheets statement of profit and loss, cash flow statement, together with accounting policies and notes in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016'</p> <p>Format for presentation of financial statements is as prescribed by Schedule III of the Companies Act 2013.</p> <p>There is no such requirement on first time adoption of Indian GAAP.</p> <p>Schedule III has prescribed a format for statement of profit and loss mandating classification of expenses by their nature as opposed to by function.</p>	<p>Entities are required to present statement of financial position, statement of profit or loss and other comprehensive income — either as single statement or two separate statements, statements of changes in equity, statement of cash flows; notes comprising significant accounting policies and other explanatory information, comparative information in respect of the preceding period and a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.</p> <p>There is no specific prescribed format of presentation of financial statements under IFRS. IAS 1 also allows presentation based on liquidity of items in financial positions.</p> <p>On first time adoption of IFRS, the financial position as on date of first time adoption is also to be presented in the first set of financial statements prepared under IFRS.</p> <p>An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.</p>

Particulars	Indian GAAP	IFRS
<b>Changes in accounting policies</b> . . .	<p>Any change in an accounting policy which has a material effect should be disclosed. The impact of and the adjustments resulting from such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in part, the fact should be indicated.</p> <p>If a change is made in the accounting policies which has no material effect on the financial statements for the current period, but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.</p>	<p>Any change in an accounting policy should be accounted for retrospectively, with comparative information restated and the amount of the adjustment relating to prior periods adjusted against the opening balance of retained earnings of the earliest year presented, by restating the opening statement of financial position. An exemption applies when it is impracticable to change comparative information. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how change in accounting policy has been applied needs to be stated.</p>
<b>Disclosure of critical judgements and estimates</b> . . . . .	<p>AS 1 does not specifically require disclosure of judgements that management has made in the summary of significant accounting policy or other notes.</p>	<p>Requires disclosure of critical judgements made by management in applying accounting policies and accounting estimates.</p>
<b>Determination of functional currency</b> . . . . .	<p>AS 11 does not specify the currency in which an enterprise presents its financial statements. However, an enterprise normally uses the currency of the country in which it is domiciled. If it uses a different currency, this Standard requires disclosure of the reason for using that currency.</p>	<p>IAS 21 requires determination of functional currency which is the currency of the primary economic environment in which the entity operates.</p>
<b>Revenue recognition — Interest</b> . . .	<p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p>	<p>Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.</p>
<b>Prior Period Items</b> . . . . .	<p>Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. The nature and amount of prior period items are presented separately in the statement of profit and loss in the manner that their impact on the current profit or loss can be perceived. Comparative information of the earlier years is not restated.</p>	<p>Material prior year errors are corrected retrospectively (except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error) by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position for the earliest prior period presented.</p>
<b>Extraordinary Items</b> . . . . .	<p>Extraordinary items are income or expenses that arise from events of transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly.</p>	<p>IFRS prohibits the presentation of any items of income or expense as extraordinary.</p>

Particulars	Indian GAAP	IFRS
<b>Allowance for credit losses . . . . .</b>	Under Indian GAAP, loans and receivables are typically measured at cost, less provision for doubtful debts. The provision for non-performing loans/receivables is written off/provided for, as per management estimates, subject to minimum provisions as required as per Non-banking financial (Deposit accepting or holding) Companies prudential norms (Reserve Bank) Directions 2007.	For financial assets carried at amortised cost, assessment is made whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income.
<b>Deferred taxation . . . . .</b>	<p>Deferred taxes are required to be provided for the tax effect of timing differences between taxable income and accounting income using substantively enacted tax rates. Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>Other deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p>	<p>Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.</p> <p>Deferred income taxes are recognised for all temporary differences between accounting and tax base of assets and liabilities except to the extent which arise from a) initial recognition of goodwill or b) asset or liability in a transaction which i) is not a business combination; and ii) at the time of the transaction, affects neither the accounting nor the tax profit.</p> <p>Deferred tax asset is recognised for carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Where an entity has a history of tax losses, the entity recognises a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.</p>

Particulars	Indian GAAP	IFRS
<b>Employee Benefits/Retirement Benefit</b> . . . . .	<p>The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.</p> <p>Past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, an enterprise should recognise past service cost immediately.</p>	<p>Remeasurements, comprising of actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset), are recognised immediately in the other comprehensive income and shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognised in other comprehensive income within equity.</p> <p>Past service costs are recognised in profit or loss on the earlier of:</p> <ul style="list-style-type: none"> <li>• The date of the plan amendment or curtailment, and</li> <li>• The date that the Group recognises related restructuring costs</li> </ul>
<b>Derecognition of financial assets</b> .	<p>There is limited guidance on derecognition of financial assets. Securitised financial assets are derecognised from the books of account if they meet the true sale criteria as per the RBI guidelines.</p>	<p>As per IAS 39, the company derecognises a financial asset when, and only when (a) the contractual rights to the cash flows from the financial asset expire or (b) it transfers the financial asset either by transferring the contractual rights to receive the cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions stated in AS 39. When an entity transfers a financial assets it can be derecognised from the books of account only if substantial risks and rewards of ownership have been transferred. Where substantial risks and rewards of ownership have neither been transferred nor retained then the company evaluates if it has retained control over the transferred asset.</p>

Particulars	Indian GAAP	IFRS
<b>Financial Assets - Classification .</b>	<p>As per AS 13, Accounting for Investments; Investments are classified as long term investments and current investments. Current investments is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment was made. . Investments other than current investments are classified as long term investments.</p> <p>RBI guidelines pertaining to asset classification as required as per Non-banking financial (Deposit accepting or holding) Companies prudential norms (Reserve Bank) Directions 2007 are followed for classification of loans and advances and any forms of credit into the following classes, namely:</p> <ul style="list-style-type: none"> <li>• Standard assets</li> <li>• Sub-standard assets</li> <li>• Doubtful assets and</li> <li>• Loss assets</li> </ul>	<p>Financial assets are to be classified as one of the following four categories depending on certain conditions to be satisfied for each category:</p> <ol style="list-style-type: none"> <li>1. financial asset at fair value through profit or loss;</li> <li>2. held-to-maturity investments;</li> <li>3. loans and receivables; and</li> <li>4. available-for-sale (AFS) financial assets.</li> </ol>
<b>Financial Assets - Measurement .</b>	<p>The carrying amount for current investments is the lower of cost and fair value. In respect of investments for which an active market exists, market value generally provides the best evidence of fair value. The valuation of current investments at lower of cost and fair value provides a prudent method of determining the carrying amount to be stated in the balance sheet. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline.</p> <p>Transaction costs such as brokerage, fees and duties are included in the cost of the investment.</p> <p><b>Loans &amp; advances:</b> RBI guidelines pertaining to provisioning requirements as required as per Non-banking financial (Deposit accepting or holding) Companies prudential norms (Reserve Bank) Directions 2007 are followed which takes into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets.</p>	<p>Initially, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.</p> <p>Subsequent measurement depends on the classification of the investment</p> <p><b>Held-to-maturity investments:</b> Carried at amortised cost, using effective interest method otherwise stated at fair value.</p> <p><b>Loans and receivables:</b> Carried at amortised cost, using effective interest method otherwise stated at fair value.</p> <p><b>Financial assets measured at fair value through profit or loss:</b> Unrealised gains and losses on fair value through profit or loss classification (including trading securities) are recognised in the income statement.</p> <p><b>AFS financial assets:</b> are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is reclassified from OCI to statement of profit or loss and other comprehensive income or the investment is determined to be impaired, then the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss and other comprehensive income.</p>

Particulars	Indian GAAP	IFRS
<b>Financial liabilities — Classification . . . . .</b>	There are no classification guidelines for financial liabilities.	There are two categories of financial liabilities: <ol style="list-style-type: none"> <li>1. financial liabilities at fair value the through the profit and loss account; and</li> <li>2. financial liabilities carried at amortised cost.</li> </ol>
<b>Financial Liabilities - Measurement . . . . .</b>	Liabilities are recognised based on the legal obligation of the entity.	All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. <p>The measurement of financial liabilities depends on their classification, as described below:</p> <p><b>Loans and borrowings</b></p> <p>After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.</p> <p>Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.</p> <p>This category generally applies to interest-bearing loans and borrowings.</p> <p><b>Financial liabilities at fair value through profit or loss</b></p> <p>Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into and that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.</p> <p>Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.</p> <p>Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.</p>

## GENERAL INFORMATION

### Authorisation

The shareholders of our Company have authorised the Board by a resolution dated 27 July 2016 to borrow up to ₹750,000.00 million pursuant to Section 180(1)(c) of the Companies Act, 2013 and create security over its assets pursuant to Section 180(1)(a) of the Companies Act, 2013. The Board has by a resolution dated 29 April 2016 approved the issuance of the Notes, up to ₹50,000.00 million and creation of security over the Company's assets. The Debt Issuance Committee, by way of its resolution dated 9 January 2017 has authorised the issue of ₹4,570,000,000 in aggregate principal amount of the Notes due 2020.

### Listing

Application will be made for the listing of the Notes on the SGX-ST. Approval-in-principle for the listing and quotation of the Notes is not to be taken as an indication of the merits of the Notes or our Company. Permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, our Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in the definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of our Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Notes is XS 1549374475. The Common Code for the Notes is 154937447.

### No significant change

There has been no significant change in the financial or trading position of our Company since 30 September 2016.

### Litigation

Except as disclosed in the section titled "*Business — Legal Proceedings*" on page 108, our Company is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which our Company is aware) which may have a significant effect on the financial position of the Company.

### Auditors

S.R. Batliboi & Co. LLP and G.D. Apte & Co. served as joint statutory auditors in Fiscal Year 2014, 2015 and 2016 and the six months ended 30 September 2016 and audited our Company's consolidated and unconsolidated financial statements for the years ended 31 March 2016, 2015 and 2014 and reviewed our condensed unconsolidated financial statement for the six months ended 30 September 2016 in accordance with Indian GAAS.

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## Limited Review Report

### Review Report To The Board of Directors Shriram Transport Finance Company Limited

#### Introduction

We have reviewed the accompanying condensed balance sheet of Shriram Transport Finance Company Limited as of September 30 2016 and the related condensed statements of profit & loss and condensed cash flows for the six-month period then ended, and a summary of select explanatory notes. Management is responsible for the preparation and presentation of this condensed financial statement in accordance with the recognition and measurement principles of Accounting Standard (AS) 25 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendments Rules, 2016. Our responsibility is to express a conclusion on this financial information based on our review.

#### Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed financial statement are not prepared, in all material respects, in accordance with the recognition and measurement principles of Accounting Standard (AS) 25 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendments Rules, 2016.

#### Emphasis of matter

Without qualifying our conclusion, we draw attention to Note vi of the condensed financial statements in respect of application of revised non-performing assets norms issue by Reserve Bank of India (“RBI”) vide notification no. DNBR CC. No. 002/03.10.001/2014-15 dated November 10, 2014 by the end of respective financial year in accordance with the clarification received from RBI by the Company in the previous year.

#### Other matters – restriction of use

The figures for the period ended September 30, 2015 are not subject to limited review by us.

This report on the accompanying condensed financial statements is issued solely for the use of management of the Company in connection with inclusion of condensed financial statements in offer documents for the purpose of issue of bonds, and should not be used or referred to for any other purpose, or distributed to any other person, without our prior written consent.

For S. R. Batliboi & Co. LLP  
ICAI Firm registration number: 301003E / E300005  
Chartered Accountants

For G. D. Apte & Co.  
ICAI Firm registration number: 100515W  
Chartered Accountants

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
12<sup>th</sup> floor, The Ruby  
29, Senapati Bapat Marg  
Dadar (West)  
Mumbai – 400 028

G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Kothrud  
Pune 411 038

---

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102

Place: Mumbai  
Date: January 09, 2017

**per Ameya Tambekar**  
**Partner**  
Membership No: 128355

Place: Mumbai  
Date: January 09, 2017

**Shriram Transport Finance Company Limited**  
**Unconsolidated Condensed Balance Sheet as at September 30, 2016**

(Rs. in lacs)

Particulars	As at September 30, 2016	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) Shareholders' funds</b>		
(a) Share capital	22,690.67	22,690.67
(b) Reserves and surplus	1,068,895.86	992,720.78
	<b>1,091,586.53</b>	<b>1,015,411.45</b>
<b>(2) Non-current liabilities</b>		
(a) Long-term borrowings	3,197,431.43	3,026,967.38
(b) Other Long- term liabilities	118,631.19	116,350.63
(c) Long- term provisions	311,299.15	284,271.68
	<b>3,627,361.77</b>	<b>3,427,589.69</b>
<b>(3) Current liabilities</b>		
(a) Short-term borrowings	371,648.69	333,035.34
(b) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	156,135.72	151,136.57
(c) Other current liabilities	1,854,768.13	1,818,197.18
(d) Short-term provisions	47,962.62	50,959.95
	<b>2,430,515.16</b>	<b>2,353,329.04</b>
<b>Total</b>	<b>7,149,463.46</b>	<b>6,796,330.18</b>
<b>II. ASSETS</b>		
<b>(1) Non-current assets</b>		
(a) Fixed assets		
(i) Tangible assets	9,213.00	9,961.01
(ii) Intangible assets	143.22	145.29
(b) Non-current investments	141,149.37	125,216.98
(c) Deferred tax assets (net)	32,269.97	30,770.26
(d) Long- term loans and advances	4,566,437.43	4,301,019.05
(e) Other non-current assets	5,474.15	1,387.51
	<b>4,754,687.14</b>	<b>4,468,500.10</b>
<b>(2) Current assets</b>		
(a) Current investments	25,000.00	10,399.52
(b) Cash and bank balances	350,289.09	236,385.69
(c) Short-term loans and advances	2,013,722.22	2,075,986.71
(d) Other current assets	5,765.01	5,058.16
	<b>2,394,776.32</b>	<b>2,327,830.08</b>
<b>Total</b>	<b>7,149,463.46</b>	<b>6,796,330.18</b>

**Shriram Transport Finance Company Limited**  
**Unconsolidated Condensed Balance Sheet as at September 30, 2016**

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E /  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

**For and behalf of the Board of directors of**  
Shriram Transport Finance Company Limited

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Umesh Revankar**  
Managing Director & CEO  
DIN: 00141189

**Vivek M. Achwal**  
Company Secretary

Mumbai  
January 09, 2017

Mumbai  
January 09, 2017

**Shriram Transport Finance Company Limited**

**Unconsolidated Condensed Statement of Profit and Loss for the six months period ended September 30, 2016**

**(Rs. in lacs)**

<b>Particulars</b>	<b>For the period April 01, 2016 to September 30, 2016</b>	<b>For the period April 01, 2015 to September 30, 2015</b>
<b>Income</b>		
<u>Revenue from operations</u>		
Interest income on:-		
- loan portfolio and related charges	483,474.98	423,121.65
- securitisation and direct assignment	42,810.93	31,578.86
- Margin money on securitisation/ assignments	4,406.19	4,787.47
- others	5,848.63	6,165.70
Profit on sale of current investments (net)	283.59	10,201.12
Bad debt recovery	254.63	357.19
Other financial services	2,910.52	2,822.14
Other income	97.50	451.04
<b>Total</b>	<b>540,086.97</b>	<b>479,485.17</b>
<b>Expenditure</b>		
Employee benefit expenses	29,114.32	25,445.54
Finance cost	264,193.66	239,556.61
Depreciation and amortisation	1,753.73	1,834.12
Other expenses	36,721.32	33,533.26
Provisions & write offs	91,941.99	79,790.82
<b>Total</b>	<b>423,725.02</b>	<b>380,160.35</b>
<b>Profit before taxation</b>	<b>116,361.95</b>	<b>99,324.82</b>
<b>Provision for taxation</b>		
Current tax	41,686.58	35,531.30
Deferred tax	(1,499.71)	(2,127.66)
<b>Total tax expense / (income)</b>	<b>40,186.87</b>	<b>33,403.64</b>
<b>Profit after tax from operations</b>	<b>76,175.08</b>	<b>65,921.18</b>
<b>Earnings per share</b>		
Basic (Rs.)	33.57	29.05
Diluted (Rs.)	33.57	29.05
Nominal value of equity share (Rs.)	<b>10.00</b>	<b>10.00</b>

**Shriram Transport Finance Company Limited**

**Unconsolidated Condensed Statement of Profit and Loss for the six months period ended September 30, 2016**

**For S.R.BATLIBOI & Co. LLP**

ICAI Firm Registration No. 301003E /  
E300005

Chartered Accountants

**For G. D. Apte & Co.**

ICAI Firm Registration No. 100515W

Chartered Accountants

**For and behalf of the Board of directors of**

Shriram Transport Finance Company Limited

**per Shrawan Jalan**

Partner

Membership No. 102102

Mumbai

January 09, 2017

**Ameya D. Tambekar**

Partner

Membership No. 128355

Mumbai

January 09, 2017

**Umesh Revankar**

Managing Director & CEO

DIN: 00141189

**Vivek M. Achwal**

Company Secretary

**Shriram Transport Finance Company Limited**  
**Unconsolidated Condensed Cash Flow Statement for the six months period ended September 30, 2016**

Particulars	(Rs. in lacs)	
	For the period April 01, 2016 to September 30, 2016	For the period April 01, 2015 to September 30, 2015
<b>Net cash flow from in operating activities (A)</b>	<b>(56,529.06)</b>	<b>(327,790.94)</b>
<b>Net cash used in investing activities (B)</b>	<b>(1,024.64)</b>	<b>(1,669.83)</b>
<b>Net cash from financing activities (C)</b>	<b>187,350.33</b>	<b>153,880.59</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	129,796.63	(175,580.18)
<b>Cash and Cash Equivalents at the beginning of the year</b>	80,379.57	348,832.76
<b>Cash and Cash Equivalents at the end of the period</b>	<b>210,176.20</b>	<b>173,252.58</b>

Components of Cash and Cash Equivalents	(Rs. in lacs)	
	As at September 30, 2016	As at September 30, 2015
<b>Cash and Cash Equivalents at the end of the period</b>		
i) Cash on hand	8,260.11	8,876.58
ii) Cheques on hand	3,226.08	5,040.31
iii) Balances with scheduled banks in:		
Current accounts	182,692.44	158,024.23
Unpaid dividend accounts *	997.57	929.78
Deposits with original maturity of less than three months	15,000.00	381.68
<b>Total cash and cash equivalents</b>	<b>210,176.20</b>	<b>173,252.58</b>

\* These balances are not available for use by the Company as they represent corresponding unclaimed dividend liability.

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E /  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

**For and behalf of the Board of directors of**  
Shriram Transport Finance Company Limited

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Umesh Revankar**  
Managing Director & CEO  
DIN: 00141189

**Vivek M. Achwal**  
Company Secretary

Mumbai  
January 09, 2017

Mumbai  
January 09, 2017

**Shriram Transport Finance Company Limited**

**Summary of selected explanatory notes to unconsolidated condensed financial statements for the six months period ended September 30, 2016**

- i) Condensed financial statements of Shriram Transport Finance Company Limited (the company) comprise of Condensed Balance sheet as at September 30, 2016, Condensed Statement of profit and loss and Condensed Cash flow statement for the six months period then ended along with selected explanatory notes. These condensed financial statements have been prepared by the company in accordance with the requirement of Accounting standard - 25 'Interim Financial Reporting' notified under Accounting Standards ('AS') under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standard) Amendments Rule, 2016. The accounting policies followed in these financial statements are same as those followed in the most recent annual statements for the year ended March 31, 2016.

**(Rs. in lacs)**

ii)	Contingent Liabilities not provided for	As at September 30, 2016	As at March 31, 2016
a.	In respect of Income tax demands where the Company has filed appeal before various authorities	14,284.36	14,284.36
b.	VAT demand where the Company has filed appeal before various authorities	9,990.72	7,843.00
c.	Service tax liability pertaining to HP/Lease	12,833.93	12,833.93
d.	Guarantees and counter guarantees	158,351.78	153,309.05
e.	Guarantees given for subsidiaries	200.00	200.00

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

The Company has received show cause notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct assignments for the period 2008-09 to 2014-15, the same are contested by the Company.

**(Rs. in lacs)**

	Disputed income tax demand are on account of	As at September 30, 2016	As at March 31, 2016
a.	Transfer to statutory reserve and securitisation and royalty	2,094.69	2,094.69
c.	Disallowance of ESOP expenses, 14A, derivatives etc.	1,146.38	1,146.38
d.	Interest as per assessment orders, etc	11,043.29	11,043.29
	<b>Total</b>	<b>14,284.36</b>	<b>14,284.36</b>

**(Rs. in lacs)**

	Commitments not provided for	As at September 30, 2016	As at March 31, 2016
a.	Estimated amount of contracts remaining to be executed on capital account	108.90	422.56
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	747.02	809.83
c.	Commitments related to loans sanctioned but undrawn	360.57	1,056.07

**Shriram Transport Finance Company Limited**

**Summary of selected explanatory notes to unconsolidated condensed financial statements for the six months period ended September 30, 2016**

- iii) The Board of Directors have declared an interim dividend of 40% ( Rs. 4/- per equity share of face value of Rs. 10/- each fully paid up) to those shareholders whose name will appear on the register of members as on November 04, 2016 being the record date for payment of the interim dividend for the financial year 2016-17.
- iv) The final dividend of Rs. 6/- per equity share of Rs. 10/-each (i.e.60%) for the financial year 2015-16 approved by the shareholders at the 37th Annual General Meeting held on July 27, 2016 was paid on August 01, 2016.
- v) The Company operates in a single reportable segment that is financing, which has similar risks and returns for the purpose of AS-17 on “Segment Reporting” specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendments Rules, 2016. The Company operates in single geographical segment i.e. domestic.
- vi) In accordance with the clarification received by the Company in the previous year from Reserve Bank of India (“RBI”), the Company shall implement revised non-performing assets (“NPA”) norms as provided in RBI Notifications No. DNBR.(PD).CC.No.002/03.10.001/2014-15 dated November 10, 2014 in the last quarter of respective financial year.
- vii) During the quarter ended March 31, 2016 Shriram Equipment Finance Company Limited (wholly owned subsidiary of the Company) has been amalgamated with the Company with effect from April 01, 2015. The figures for the half year ended September 30, 2016 includes figures of Shriram Equipment Finance Company Limited and are therefore not comparable with that of September 30, 2015.
- viii) The figures for the period ended September 30, 2015 are not subject to limited review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” by statutory auditors.
- ix) Figures for the comparative period have been regrouped, wherever necessary to confirm to current period's classification.

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E /  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

**For and behalf of the Board of directors of**  
Shriram Transport Finance Company Limited

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Umesh Revankar**  
Managing Director & CEO  
DIN: 00141189

**Vivek M. Achwal**  
Company Secretary

Mumbai  
January 09, 2017

Mumbai  
January 09, 2017

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
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G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Kothrud  
Pune 411 038

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## **INDEPENDENT AUDITOR’S REPORT**

To the Members of Shriram Transport Finance Company Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Shriram Transport Finance Company Limited (hereinafter referred to as “the Holding Company”), its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated financial statements’).

### **Management’s Responsibility for the Consolidated Financial Statements**

The Holding Company’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company’s Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the

other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary Company incorporated in India, none of the directors of the Group's Companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Note 30 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary incorporated in India.

### **Other Matter**

- (a) The accompanying consolidated financial statements include total assets of Rs. 8,200 lacs after elimination of inter group transaction balance as at March 31, 2016, and total revenues and net cash outflows of Rs. 6,891 lacs and Rs. 2,071 lacs after elimination of inter group transaction for the year ended on that date, in respect of Shriram Automall India Limited, subsidiary which have been audited by G.D. Apte & Co., Chartered Accountant, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as

it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

**For S.R. Batliboi & Co. LLP**

**Chartered Accountants**

**ICAI Firm registration number: 301003E / E300005**

**For G. D. Apte & Co.**

**Chartered Accountants**

**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**

**Partner**

Membership No.: 102102

Place: Mumbai

Date: April 29, 2016

**Ameya Tambekar**

**Partner**

Membership No: 128355

Place: Mumbai

Date: April 29, 2016

## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Shriram Transport Finance Company Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Shriram Transport Finance Company Limited (hereinafter referred to as the "Holding Company") and its subsidiary Company, which is Company incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary Company, which is Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Holding Company, its subsidiary Company, which is Company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to the subsidiary Company, which is Company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary Company incorporated in India.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E / E300005**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102  
Place: Mumbai  
Date: April 29, 2016

**Ameya Tambekar**  
**Partner**  
Membership No: 128355  
Place: Mumbai  
Date: April 29, 2016

**Shriram Transport Finance Company Limited**  
**Consolidated Balance Sheet as at March 31, 2016**

(Rs. in lacs)			
Particulars	Note No	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,690.67	22,690.67
(b) Reserves and surplus	4	994,857.66	903,891.11
		<b>1,017,548.33</b>	<b>926,581.78</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	3,026,888.74	3,285,558.30
(b) Other long-term liabilities	6	116,346.89	97,162.18
(c) Long-term provisions	7	284,271.68	187,198.41
		<b>3,427,507.31</b>	<b>3,569,918.89</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	333,044.38	295,262.91
(b) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditor other than micro enterprises and small enterprises		153,657.67	122,834.24
(c) Other current liabilities	6	1,818,370.04	1,260,072.34
(d) Short-term provisions	7	51,218.95	40,691.28
		<b>2,356,291.04</b>	<b>1,718,860.77</b>
<b>Total</b>		<b>6,801,346.68</b>	<b>6,215,361.44</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		15,052.81	15,276.44
(ii) Intangible assets		158.43	149.29
(b) Non-current investments	10	122,251.16	82,426.49
(c) Deferred tax assets (net)	11	30,887.14	25,778.33
(d) Long-term loans and advances	12	4,301,326.73	3,248,125.45
(e) Other non-current assets	13	1,389.01	9,310.56
		<b>4,471,065.28</b>	<b>3,381,066.56</b>
<b>(2) Current assets</b>			
(a) Current investments	14	11,699.19	221,292.13
(b) Trade receivables	15	1,009.48	298.86
(c) Cash and bank balances	16	236,555.03	476,117.88
(d) Short-term loans and advances	12	2,075,953.30	2,130,329.48
(e) Other current assets	13	5,064.40	6,256.53
		<b>2,330,281.40</b>	<b>2,834,294.88</b>
<b>Total</b>		<b>6,801,346.68</b>	<b>6,215,361.44</b>

**Shriram Transport Finance Company Limited**  
**Consolidated Balance Sheet as at March 31, 2016**

Significant Accounting Policies 2.1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E/  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 29, 2016

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Statement of Consolidated Profit and Loss for the year ended March 31, 2016**

(Rs. in lacs)

Particulars	Note No	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Income</b>			
Revenue from operations	17	1,031,028.83	917,699.82
Other income	18	346.19	261.85
<b>Total</b>		<b>1,031,375.02</b>	<b>917,961.67</b>
<b>Expenditure</b>			
Employee benefit expenses	19	62,373.31	50,403.91
Finance cost	20	505,792.37	467,464.51
Depreciation and amortisation	9	3,763.16	4,315.49
Other expenses	21	74,660.84	69,599.82
Provisions and write-offs	22	205,857.50	161,222.39
<b>Total</b>		<b>852,447.18</b>	<b>753,006.12</b>
<b>Profit before taxation</b>		<b>178,927.84</b>	<b>164,955.55</b>
<b>Provision for taxation</b>			
Current tax / Minimum alternate tax		65,674.83	62,280.81
Deferred tax		(5,108.81)	(169.71)
<b>Total tax expense / (income)</b>		<b>60,566.02</b>	<b>62,111.10</b>
<b>Profit after tax from operations</b>		<b>118,361.82</b>	<b>102,844.45</b>
<b>Net profit after taxes and share of profit of associate</b>		<b>118,361.82</b>	<b>102,844.45</b>
<b>Earnings per share</b>	23		
Basic (Rs.)		52.17	45.33
Diluted (Rs.)		52.17	45.33
Nominal value of equity share (Rs.)		<b>10.00</b>	<b>10.00</b>

Significant Accounting Policies

2.1

The accompanying notes are an integral part of the financial statements.

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E/  
E300005

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

Chartered Accountants

Chartered Accountants

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 29, 2016

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2016**

	(Rs. in lacs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
Profit before taxes	178,927.84	164,955.55
Depreciation and amortisation	3,763.16	4,315.49
Loss / (profit) on sale of fixed assets (net)	35.36	38.74
Employees stock option compensation cost	(38.70)	55.33
Premium on government securities	82.30	19.74
Amortisation of discount on government securities	(221.42)	(165.69)
Amortisation of issue expenses for equity shares	152.78	168.85
Amortisation of public issue expenses for non-convertible debentures	1,303.09	1,761.70
Provisions for Non-performing Assets and bad debt written off	200,867.02	158,456.12
Provisions for standard assets	4,990.48	2,766.27
Provision for gratuity	190.74	(17.39)
Provision for leave encashment	301.61	123.06
<b>Operating profit before working capital changes</b>	<b>390,354.26</b>	<b>332,477.77</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	30,823.43	67,538.96
Increase / (decrease) in provisions	2,451.60	(5,437.65)
Increase / (decrease) in other liabilities	47,045.44	(34,802.43)
Decrease / (increase) in trade receivables	(710.62)	(108.20)
(Increase) / decrease in investments	169,905.15	(60,048.58)
Decrease / (increase) in loans and advances	(1,110,571.68)	(1,256,453.78)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	(25,816.52)	53,175.48
Decrease / (increase) in other assets	984.20	1,846.63
<b>Cash generated from operations</b>	<b>(495,534.74)</b>	<b>(901,811.80)</b>
Direct taxes paid (net of refunds)	(55,183.14)	(59,277.72)
<b>Net cash flow used in operating activities (A)</b>	<b>(550,717.88)</b>	<b>(961,089.52)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed including intangible assets	(3,654.73)	(4,523.10)
Proceeds from sale of fixed assets	72.94	64.52
<b>Net cash used in investing activities (B)</b>	<b>(3,581.79)</b>	<b>(4,458.58)</b>
<b>C. Cash flows from financing activities</b>		
Amount received from institutional borrowing	2,109,331.46	2,393,115.61
Amount received from public issue of non-convertible debentures	-	197,484.71
Increase / (decrease) in retail borrowings	97,664.77	165,612.77
Amount redeemed for public issue of non-convertible debentures	(41,795.50)	(34,306.30)
Repayment of institutional borrowing	(1,855,651.85)	(1,915,501.98)
Public issue expenses for non-convertible debentures paid	-	(1,255.33)
Dividend paid	(22,688.27)	(18,150.62)
Tax on dividend	(4,618.80)	(3,356.86)
<b>Net cash from financing activities (C)</b>	<b>282,241.81</b>	<b>783,642.00</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(272,057.86)</b>	<b>(181,906.10)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>352,605.06</b>	<b>534,511.16</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>80,547.20</b>	<b>352,605.06</b>

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2016**

(Rs. in lacs)

Components of Cash and Cash Equivalents	As at March 31, 2016	As at March 31, 2015
<b>Cash and cash equivalents at the end of the year</b>		
i) Cash on hand	10,124.16	10,990.89
ii) Cheques on hand	4,698.24	7,576.72
iii) Balances with scheduled banks in:		
Current accounts	59,765.26	166,700.86
Unclaimed dividend accounts *	923.26	821.59
Deposits with original maturity of less than three months	5,036.28	166,515.00
<b>Total cash and cash equivalents (Note 16)</b>	<b>80,547.20</b>	<b>352,605.06</b>

Significant Accounting Policies (Note 2.1)

The accompanying notes are an integral part of the financial statements.

**Notes**

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules 2014.
- 2) All figures in brackets indicate outflow.
- 3) Direct tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- \*4) These balances are not available for use by the Company as they represent corresponding unclaimed dividend liability.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E/  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
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**S. Lakshminarayanan**  
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Managing Director  
DIN: 00141189

Mumbai  
April 29, 2016

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

<b>1</b>	<b>Basis of preparation</b>				
	<p>The consolidated financial statements relates to M/s. Shriram Transport Finance Company Limited (the Company) and its subsidiary companies. The Company and its subsidiary companies constitute the Group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for the change in accounting policies explained below. The complete financial statements have been prepared along with all disclosures.</p>				
<b>2</b>	<b>Basis of consolidation</b>				
	<p>(i) The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2016 and are prepared based on the accounting policies consistent with those used by the Company.</p> <p>(ii) The financial statements of the Group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' notified under the provision of the Companies Act 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules 2014 and other generally accepted accounting principles in India.</p> <p>(iii) The consolidated financial statements have been prepared on the following basis :</p> <ol style="list-style-type: none"> <li>1 The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.</li> <li>2 The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.</li> <li>3 Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.</li> </ol> <p>(iv) The following subsidiary companies are considered in the consolidated financial statements:</p>				
	<b>Sr. No.</b>	<b>Name of the subsidiary company</b>	<b>Country of incorporation</b>	<b>Share of ownership interest as at March 31, 2016</b>	<b>Share of ownership interest as at March 31, 2015</b>
	1	Shriram Equipment Finance Company Limited (SEFC) (w.e.f. December 15, 2009 till March 31, 2015) (amalgamated w.e.f. April 01, 2015)	India	-	100%
	2	Shriram Automall India Limited (SAIL) (w.e.f. February 11, 2010)	India	100%	100%
<b>2.1</b>	<b>Significant accounting policies</b>				
<b>(a)</b>	<b>Change in accounting policy</b>				
	<p>Pursuant to Reserve Bank India (RBI) notification no. DNBR 011/CGM (CDS) dated March 27, 2015, the Company has revised its recognition norms of Non-performing Assets (NPA) from 180 days to 150 days and increased provision on standard assets from 0.25% to 0.30%. Had the Company continued to use the earlier policy of classification of NPA and provision for standard asset, provisions and write offs for the year ended March 31, 2016 would have been lower by Rs. 30,071.80 lacs, income from operations for the same period would have been higher by Rs. 1,582.92 lacs and profit before tax for the same period would have been higher by Rs. 31,654.72 lacs (net of tax Rs. 20,699.65 lacs).</p>				

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

<b>(b)</b>	<b>Current/non-current classification of assets/liabilities</b>																																																
	The Group has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current.																																																
<b>(c)</b>	<b>Use of estimates</b>																																																
	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.																																																
	During the year, the Company has revised its estimate for provision on Non-performing Asset. Had the Company continued to use the earlier estimate for provision of Non-performing Asset, provisions and write-offs for the year ended March 31, 2016 would have been higher by Rs. 41,562.71 lacs and profit before tax for the same period would have been lower by Rs. 41,562.71 lacs (net of tax Rs. 27,178.69 lacs).																																																
<b>(d)</b>	<b>Fixed assets, depreciation/amortisation and impairment</b>																																																
	<b>Tangible fixed assets</b> Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.																																																
	<b>Depreciation on tangible fixed assets</b> Depreciation on tangible fixed assets is provided on Straight Line basis ('SLM') using the rates arrived at based on the useful lives estimated by the management. The Group has used the following useful life to provide depreciation on its fixed assets:																																																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 30%;">Useful life as prescribed by Schedule II of the Companies Act, 2013</th> <th style="width: 30%;">Useful life estimated by Group</th> </tr> </thead> <tbody> <tr> <td>Building</td> <td>60 years</td> <td>60 years</td> </tr> <tr> <td>Building - fence</td> <td>5 years</td> <td>5 years</td> </tr> <tr> <td>Carpeted road</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Plant and machinery</td> <td>15 years</td> <td>15 years</td> </tr> <tr> <td>Electrical equipment</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Generator</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Furniture and fixture</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Air conditioner</td> <td>5 years</td> <td>5 years</td> </tr> <tr> <td>Electronic equipment</td> <td>5 years</td> <td>5 years</td> </tr> <tr> <td>Office equipment</td> <td>5 years</td> <td>5 years</td> </tr> <tr> <td>Refrigerator</td> <td>5 years</td> <td>5 years</td> </tr> <tr> <td>Motor car</td> <td>8 years</td> <td>8 years</td> </tr> <tr> <td>Vehicles</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Server and networking</td> <td>6 years</td> <td>6 years</td> </tr> <tr> <td>Computer</td> <td>3 years</td> <td>3 years</td> </tr> </tbody> </table>	Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Group	Building	60 years	60 years	Building - fence	5 years	5 years	Carpeted road	10 years	10 years	Plant and machinery	15 years	15 years	Electrical equipment	10 years	10 years	Generator	10 years	10 years	Furniture and fixture	10 years	10 years	Air conditioner	5 years	5 years	Electronic equipment	5 years	5 years	Office equipment	5 years	5 years	Refrigerator	5 years	5 years	Motor car	8 years	8 years	Vehicles	10 years	10 years	Server and networking	6 years	6 years	Computer	3 years	3 years
Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Group																																															
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Computer	3 years	3 years																																															

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

	<p>Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months.</p> <p>Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.</p> <p><b>Intangible assets</b></p> <p>Intangible assets acquired separately are measured on initial recognition at cost . Following initial recognition intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.</p> <p>Amortisation is provided on Straight Line Method (“SLM”), which reflect the management’s estimate of the useful life of the intangible asset.</p> <table border="1"><thead><tr><th>Particulars</th><th>Rates (SLM)</th></tr></thead><tbody><tr><td>Computer software</td><td>33.33%</td></tr><tr><td>Trade marks</td><td>10.00%</td></tr></tbody></table> <p>Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.</p>	Particulars	Rates (SLM)	Computer software	33.33%	Trade marks	10.00%
Particulars	Rates (SLM)						
Computer software	33.33%						
Trade marks	10.00%						
	<p><b>Impairment of fixed assets</b></p> <p>The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p> <p>A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in Statement of Profit and Loss, unless the same is carried at revalued amount and treated as revaluation reserve.</p>						
<b>(e)</b>	<p><b>Investments</b></p> <p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p> <p>An investment in buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Group, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.</p>						

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

<b>(f)</b>	<p><b>Provisioning / Write-off of assets</b></p> <p>Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as and when amended. Delinquencies on assets securitised/assigned are provided for based on management estimates.</p> <p>Provision on standard assets is made as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as and when amended</p>
<b>(g)</b>	<p><b>Loans</b></p> <p>Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the Balance Sheet date as reduced by the amounts received and loans securitised.</p>
<b>(h)</b>	<p><b>Leases</b></p> <p><b>Where the Company is the lessor</b></p> <p>Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.</p> <p><b>Where the Company is the lessee</b></p> <p>Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.</p>
<b>(i)</b>	<p><b>Foreign currency translation</b></p> <p><b>Initial recognition</b></p> <p>Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.</p> <p><b>Conversion</b></p> <p>Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.</p> <p><b>Exchange differences</b></p> <p>All exchange differences are dealt with including differences arising on translation settlement of monetary items in the Statement of Profit and Loss.</p> <p><b>Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability</b></p> <p>The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.</p>
<b>(j)</b>	<p><b>Revenue recognition</b></p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.</p> <p>i. Income from financing activities is recognised on the basis of internal rate of return on time proportion basis. All other charges relating to financing activities are recognised on accrual basis.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

	<p>ii. Subvention income is recognised as income over the tenor of the loan agreements. For the agreements foreclosed/transferred through assignment, balance of subvention income is recognised as income at the time of such foreclosure/transfer through assignment.</p> <p>iii. Income recognised and remaining unrealised after installments become overdue for five months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.</p> <p>iv. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.</p> <p>v. Income apportioned on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' /agreements. Loss, if any/expenditure for securitisation /direct assignment is recognised upfront.</p>
	<p>vi. Interest income on fixed deposits/margin money, call money (Collateralised borrowing and lending obligation), certificate of deposits, pass through certificates, subordinated debts, government securities, inter corporate deposits and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.</p>
	<p>vii. Dividend is recognised as income when right to receive payment is established by the date of Balance Sheet.</p> <p>viii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognised at the time of actual sale/redemption.</p> <p>ix. Income from services is recognised as per the terms of the contract on accrual basis.</p> <p>x. Income from operating lease is recognised as rentals, as accrued on straight line basis over the period of the lease.</p> <p>xi. Income from services (for eg. facilitation fees) is recognised as per the terms of contracts on accrual basis.</p>
<b>(k)</b>	<b>Retirement and other employee benefits</b>
	<b>Provident fund</b>
	<p>Retirement benefit in the form of provident fund is a defined contribution scheme. All the employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.</p>
	<b>Gratuity</b>
	<p>The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet Date using the Projected Unit Credit Method. The Group fully contributes all ascertained liabilities to The Trustees- Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies. The group recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

	<p><b>Leave encashment</b></p> <p>Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.</p> <p>The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the Projected Unit Credit Method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.</p> <p>The Group presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.</p>
<b>(l)</b>	<p><b>Income tax</b></p> <p>Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.</p> <p>The un-recognised deferred tax assets are re-assessed by the Group at each Balance Sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>The carrying cost of the deferred tax assets are reviewed at each Balance Sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p> <p>Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period i.e the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the guidance note on accounting for credit available in respect of MAT under the Income tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT credit entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.</p>
<b>(m)</b>	<p><b>Segment reporting policies</b></p> <p><b>Identification of segments:</b></p> <p>The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.</p> <p><b>Unallocated items:</b></p> <p>Unallocated items include income and expenses which are not allocated to any reportable business segment.</p> <p><b>Segment policies :</b></p> <p>The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.</p>

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

<b>(n)</b>	<b>Earnings per share</b>
	<p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.</p>
<b>(o)</b>	<b>Provisions</b>
	<p>A provision is recognised when the Group has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.</p>
<b>(p)</b>	<b>Cash and cash equivalents</b>
	<p>Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.</p>
<b>(q)</b>	<b>Equity shares and debentures issue expenses</b>
	<p>Expenses incurred on issue of equity shares are charged to Statement of Profit and Loss on a straight line basis over a period of 10 years.</p> <p>Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.</p> <p>Expenses incurred for private placement of debentures, are charged to Statement of Profit and Loss in the year in which they are incurred.</p>
<b>(r)</b>	<b>Borrowing costs</b>
	<p>Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.</p>
<b>(s)</b>	<b>Employee stock compensation costs</b>
	<p>In accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.</p>
<b>(t)</b>	<b>Contingent liabilities</b>
	<p>A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.</p>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

Note 3- Share capital	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>		
647,000,000 (March 31, 2015: 397,000,000) Equity shares of Rs.10/- each	64,700.00	39,700.00
95,000,000 (March 31, 2015: 20,000,000) Preference shares of Rs.100/- each	95,000.00	20,000.00
	<b>159,700.00</b>	<b>59,700.00</b>
<b>Issued and subscribed share capital</b>		
226,936,877(March 31, 2015: 226,936,877) equity shares of Rs. 10/- each	22,693.69	22,693.69
<b>Paid up (fully paid up)</b>		
Equity shares		
226,882,736 (March 31, 2015: 226,882,736) equity shares of Rs. 10/- each	22,688.27	22,688.27
	<b>22,688.27</b>	<b>22,688.27</b>
48,000 equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,690.67</b>	<b>22,690.67</b>

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.	As at March 31, 2016		As at March 31, 2015	
	Numbers of shares	Rs. in lacs	Numbers of shares	Rs. in lacs
Shares outstanding at the beginning of the year	226,882,736	22,688.27	226,882,736	22,688.27
Movement during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>226,882,736</b>	<b>22,688.27</b>	<b>226,882,736</b>	<b>22,688.27</b>

**b. Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2016, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 10.00 (March 31, 2015 : Rs. 10.00). Out of the total dividend declared during the year ended March 31, 2016, amount of interim dividend paid was Rs. 4.00 per equity share (March 31, 2015: Rs. 4.00) and amount of final dividend proposed was Rs. 6.00 per equity share ( March 31, 2015: Rs. 6.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

During the year ended March 31, 2016 Nil (March 31, 2015: Nil) equity shares were vested and exercised.

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2016****d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The Company has issued total 722,068 equity shares (March 31, 2015 : 1,364,918) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 (March 31, 2015 : 500,868) equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited.

**e. Details of shareholders holding more than 5% equity shares in the Company**

Details of shareholding	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
<b>Equity shares of Rs. 10/- each</b>				
Shriram Capital Limited	59,103,162	26.05%	59,103,162	26.05%
Piramal Enterprises Limited	22,600,000	9.96%	22,600,000	9.96%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 4- Reserves and surplus	As at March 31, 2016	As at March 31, 2015
<b>Capital reserve</b>	2,761.83	2,761.83
<b>Capital redemption reserve</b>	5,388.35	5,388.35
<b>Securities premium account</b>	175,481.06	175,481.06
<b>Debenture redemption reserve</b>		
Balance as per last account	62,791.26	41,335.44
Add: Transfer from surplus balance in the Statement of Profit and Loss	31,310.86	31,389.47
Less: Transfer to Statement of Profit and Loss on account of redemption	(15,267.47)	(9,933.65)
<b>Closing balance</b>	<b>78,834.65</b>	<b>62,791.26</b>
<b>Stock option outstanding</b>		
Employee stock option outstanding	31.14	114.75
Less : Deferred employee compensation outstanding	(4.28)	(49.19)
<b>Closing balance</b>	<b>26.86</b>	<b>65.56</b>
<b>Other reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	184,855.44	159,855.44
Add: Transfer from surplus balance in the Statement of Profit and Loss	24,000.00	25,000.00
<b>Closing balance</b>	<b>208,855.44</b>	<b>184,855.44</b>
<b>General reserve</b>		
Balance as per last account	90,653.63	78,153.63
Add: Transfer from surplus balance in the Statement of Profit and Loss	12,000.00	12,500.00
<b>Closing balance</b>	<b>102,653.63</b>	<b>90,653.63</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last account	381,893.98	365,341.05
Depreciation charged off from retained profit as per Schedule II to The Companies Act, 2013	-	(163.95)
Deferred Tax expenses on above	-	52.81
Add: Profit for the current year	118,361.82	102,844.45
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(24,000.00)	(25,000.00)
Transfer to general reserve	(12,000.00)	(12,500.00)
Transfer to/from debenture redemption reserve	(16,043.39)	(21,455.82)
Interim dividend [amount per share Rs. 4.00 (March 31, 2015: Rs. 4.00)]	(9,075.31)	(9,075.31)
Tax on interim dividend	(1,897.02)	(1,814.51)
Proposed final dividend [amount per share Rs. 6.00 (March 31, 2015: Rs. 6.00)]	(13,612.96)	(13,612.96)
Tax on proposed dividend	(2,771.28)	(2,721.78)
<b>Total appropriations</b>	<b>(79,399.96)</b>	<b>(86,180.38)</b>
<b>Net surplus in Statement of Profit and Loss</b>	<b>420,855.84</b>	<b>381,893.98</b>
<b>Total</b>	<b>994,857.66</b>	<b>903,891.11</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 5- Long-term borrowings	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities*	Non-current portion	Current maturities*
Subordinated debts (unsecured)	330,187.40	21,438.42	351,304.46	66,100.82
<b>Redeemable non-convertible debentures</b>				
Secured	1,057,917.41	554,683.97	1,419,090.97	399,865.01
Less: Unamortised discount	(0.08)	(27.67)	(27.92)	(117.73)
	<b>1,057,917.33</b>	<b>554,656.30</b>	<b>1,419,063.05</b>	<b>399,747.28</b>
Unsecured	-	-	-	2,150.00
<b>Term loans from banks</b>				
Unsecured	10,000.00	12,000.00	10,000.00	10,000.00
Secured	938,402.76	755,728.36	965,952.38	506,868.17
Fixed deposits (Unsecured) #	582,024.48	197,625.47	470,043.50	65,925.29
<b>Term loans from financial institutions / corporates</b>				
Secured	108,000.00	77,566.67	68,900.00	37,800.00
<b>Loans and advances from related parties</b>				
Subordinated debts (Unsecured)				
from Relative of key management personnel	0.80	0.30	1.10	-
from Enterprises having significant influence over the Company	311.14	28.80	239.94	28.09
Redeemable non-convertible debentures (Secured)				
from Key management personnel	-	4.38	3.00	1.38
from Relative of key management personnel	2.20	9.89	11.89	2.58
from Enterprises having significant influence over the Company	-	5.00	5.00	-
Fixed deposits (Unsecured)				
from Relative of key management personnel	42.63	4.09	33.98	7.10
<b>Total</b>	<b>3,026,888.74</b>	<b>1,619,067.68</b>	<b>3,285,558.30</b>	<b>1,088,630.71</b>

\* Amount disclosed under the Note 6-Other current liabilities

# Includes deposits from corporates Rs. 28,161.91 lacs (March 31, 2015 Rs. 7,308.61 lacs).

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**A) Subordinated debt -unsecured**

**i) Privately placed subordinated debts of Rs. 100,000/- each**

Terms of repayment as on March 31, 2016

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
48-60 months	-	7,300.00	-	7,300.00
36-48 months	-	6,469.00	-	6,469.00
24-36 months	-	-	4,541.00	4,541.00
<b>Total</b>	-	<b>13,769.00</b>	<b>4,541.00</b>	<b>18,310.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>5,000.00</b>	-	<b>5,000.00</b>
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Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	7,300.00	-	7,300.00
48-60 months	-	6,469.00	-	6,469.00
36-48 months	-	-	4,541.00	4,541.00
12-24 months	-	5,000.00	-	5,000.00
<b>Total</b>	-	<b>18,769.00</b>	<b>4,541.00</b>	<b>23,310.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>25,577.00</b>	-	<b>25,577.00</b>
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**ii) Privately placed subordinated debts of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2016

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	71,210.00	5,000.00	76,210.00
48-60 months	-	45,000.00	-	45,000.00
36-48 months	-	7,000.00	-	7,000.00
24-36 months	2,500.00	25,630.00	6,670.00	34,800.00
12-24 months	-	25,500.00	-	25,500.00
<b>Total</b>	<b>2,500.00</b>	<b>174,340.00</b>	<b>11,670.00</b>	<b>188,510.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>5,000.00</b>	<b>2,500.00</b>	<b>7,500.00</b>
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**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	115,710.00	5,000.00	120,710.00
48-60 months	-	7,000.00	-	7,000.00
36-48 months	2,500.00	25,630.00	6,670.00	34,800.00
24-36 months	-	25,500.00	-	25,500.00
12-24 months	-	5,000.00	2,500.00	7,500.00
<b>Total</b>	<b>2,500.00</b>	<b>178,840.00</b>	<b>14,170.00</b>	<b>195,510.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>35,000.00</b>	-	<b>35,000.00</b>
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iii) Privately placed subordinated debts of Rs. 1,000/- each

Terms of repayment as on March 31, 2016

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
48-60 months	-	34,247.99	-	34,247.99
36-48 months	-	31,421.52	-	31,421.52
24-36 months	5.40	47,058.41	-	47,063.81
12-24 months	1,479.73	6,589.06	-	8,068.79
<b>Total</b>	<b>1,485.13</b>	<b>119,316.98</b>	-	<b>120,802.11</b>

**Current maturity**

<b>Upto 12 months</b>	<b>46.99</b>	<b>3,487.45</b>	-	<b>3,534.44</b>
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Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	34,263.46	-	34,263.46
48-60 months	-	31,431.66	-	31,431.66
36-48 months	5.40	47,109.29	-	47,114.69
24-36 months	1,481.88	6,589.06	-	8,070.94
12-24 months	46.99	3,487.45	-	3,534.44
<b>Total</b>	<b>1,534.27</b>	<b>122,880.92</b>	-	<b>124,415.19</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>5,551.41</b>	<b>0.50</b>	<b>5,551.91</b>
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**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**iv) Public issue of subordinated debt of Rs. 1,000/- each (2010)-quoted**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on
Option -IV	10.40%	91.00	91.00	1-Jun-17
	10.81%	-	1,687.00	1-Mar-17
	11.25%	-	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17
<b>Total</b>		<b>2,877.23</b>	<b>8,310.31</b>	

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on
Option -IV	10.81%	1,687.00	-	1-Mar-17
	11.25%	3,746.08	-	1-Dec-16
<b>Total</b>		<b>5,433.08</b>	<b>-</b>	

(Rs. in lacs)

Total subordinated debts	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	327,622.11	16,034.44	343,235.19	66,128.91
Public issue (iv)	2,877.23	5,433.08	8,310.31	-
<b>Total subordinated debts</b>	<b>330,499.34</b>	<b>21,467.52</b>	<b>351,545.50</b>	<b>66,128.91</b>
Less: issued to related parties	311.94	29.10	241.04	28.09
<b>Total</b>	<b>330,187.40</b>	<b>21,438.42</b>	<b>351,304.46</b>	<b>66,100.82</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**B) Non-convertible debenture (NCD) -secured**

**i) Privately placed redeemable non-convertible debentures of Rs. 1,000/- each**

Terms of repayment as on March 31, 2016

**Long term borrowing** (Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
24-36 months	-	1,965.83	-	-	1,965.83
12-24 months	-	9,278.37	939.52	-	10,217.89
<b>Total</b>	-	<b>11,244.20</b>	<b>939.52</b>	-	<b>12,183.72</b>
<b>Current maturity</b>					
<b>upto 12 months</b>	<b>1.84</b>	<b>47,004.19</b>	<b>719.40</b>	<b>0.88</b>	<b>47,726.31</b>

Terms of repayment as on March 31, 2015

**Long term borrowing** (Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
36-48 months	-	1,967.83	-	-	1,967.83
24-36 months	-	9,279.12	939.52	-	10,218.64
12-24 months	1.84	47,141.27	719.40	0.88	47,863.39
<b>Total</b>	<b>1.84</b>	<b>58,388.22</b>	<b>1,658.92</b>	<b>0.88</b>	<b>60,049.86</b>
<b>Current maturity</b>					
<b>upto 12 months</b>	<b>2,576.83</b>	<b>136,882.22</b>	-	<b>792.60</b>	<b>140,251.65</b>

**Nature of security**

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

\* Amount pertains to debentures issued prior to notification of the RBI Circular DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(ii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2016

Long term borrowing (gross of unamortised discount on debenture of Rs. 0.08 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12% ^	>= 12% < 14%	>= 14% < 16%	
Over 60 months	116,460.00	136,720.00	-	-	253,180.00
48-60 months	19,000.00	102,500.00	-	-	121,500.00
36-48 months	158,000.00	-	-	-	158,000.00
24-36 months	46,200.00	37,800.00	-	-	84,000.00
12-24 months^	34,130.00	97,000.00	500.00	-	131,630.00
<b>Total</b>	<b>373,790.00</b>	<b>374,020.00</b>	<b>500.00</b>	-	<b>748,310.00</b>

^NCD amounting to Rs. 1,000.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Current maturity ( gross of unamortised discount on debenture of Rs. 27.67 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%¥	>= 10% < 12%*^¥	>= 12% < 14%	>= 14% < 16%	
upto 12 months^¥	196,500.00	165,805.00	-	-	362,305.00

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 680.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
2	9.85%	20,000.00	20-Jul-16
<b>Total</b>		<b>20,625.00</b>	

Terms of repayment as on March 31, 2015

Long term borrowing (gross of unamortised discount on debenture of Rs. 27.92 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% **^¥	>= 12% < 14%^	>= 14% < 16%	
Over 60 months	139,460.00	239,220.00	-	-	378,680.00
48-60 months	17,000.00	168,500.00	-	-	185,500.00
36-48 months^	16,400.00	27,400.00	-	-	43,800.00
24-36 months^	31,400.00	97,000.00	500.00	-	128,900.00
12-24 months*^¥	131,500.00	135,805.00	-	-	267,305.00
<b>Total</b>	<b>335,760.00</b>	<b>667,925.00</b>	<b>500.00</b>	-	<b>1,004,185.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 43,300.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 117.73 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% <sup>₹</sup>	>= 10% < 12% <sup>^₹</sup>	>= 12% < 14%	>= 14% < 16%	
upto 12 months <sup>^₹</sup>	54,500.00	75,100.00	-	-	129,600.00

<sup>^</sup>NCD amounting to Rs. 2,450.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	9.90%	20,000.00	20-Jul-15
2	10.95%	30,000.00	25-Sep-15
3	9.35%	20,000.00	22-Jun-15
<b>Total</b>		<b>70,000.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(iii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each

Terms of repayment as on March 31, 2016

Long term borrowing (gross of unamortised discount on debenture of Rs. Nil)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
12-24 months*	-	1,200.00	-	-	1,200.00
<b>Total</b>	-	<b>1,200.00</b>	-	-	<b>1,200.00</b>

\*Partly paid to the extent of Rs. 100,000/-

Current maturity (gross of unamortised discount on debenture of Rs. Nil.)

Outstanding as at March 31, 2016 : Rs. Nil.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

Terms of repayment as on March 31, 2015

Long term borrowing (gross of unamortised discount on debenture of Rs. Nil)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
24-36 months*	-	1,200.00	-	-	1,200.00
<b>Total</b>	-	<b>1,200.00</b>	-	-	<b>1,200.00</b>

\*Partly paid to the extent of Rs. 100,000/-

Current maturity (gross of unamortised discount on debenture of Rs. Nil)

<b>Upto 12 months*</b>	-	<b>1,000.00</b>	-	-	<b>1,000.00</b>
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\*Partly paid to the extent of Rs. 1,000,000/-

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**iv) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2010)**

Terms of repayment

Long term borrowing

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Option –II	9.50%	278.58	-	1-Jun-17	-
	10.00%	453.23	-	1-Jun-17	-
	10.25%	3,157.85	-	1-Jun-17	-
	10.50%	571.77	-	1-Jun-17	-
<b>Total</b>		<b>4,461.43</b>	-		

Current maturity

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Option –I	9.00%	-	1,424.68	1-Jun-15	-
	9.50%	-	3,918.31	1-Jun-15	-
	9.75%	-	1,160.23	1-Jun-15	-
	10.00%	-	210.37	1-Jun-15	-
Option –II	9.50%	-	897.03	1-Jun-17	2-Jun-15
	10.00%	-	785.25	1-Jun-17	2-Jun-15
	10.25%	-	3,799.51	1-Jun-17	2-Jun-15
	10.50%	-	672.17	1-Jun-17	2-Jun-15
Option –III	9.75%	-	807.77	1-Jun-15	-
	10.25%	-	782.70	1-Jun-15	-
	10.50%	-	1,779.74	1-Jun-15	-
	10.75%	-	359.56	1-Jun-15	-
<b>Total</b>		-	<b>16,597.32</b>		

## Shriram Transport Finance Company Limited

### Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

#### Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 1,000.00 lacs on 14-July-2011, Rs 128.64 lacs on 28-October-2014 and as per the terms of the issue Rs. 7,472.34 lacs were redeemed on 1-June-2013, Rs. 7,472.34 lacs were redeemed on 1-June-2014, Rs. 10,443.36 lacs were redeemed on 01-June-2015.

Put options were exercised for option I on 1-June-2013 and Rs. 9,019.04 lacs were paid on 05-July-2013 in compliance with the terms of issue.

Put options were exercised for option II on 1-June-2015 and Rs. 1,440.95 lacs were paid on 02-July-2015 and Rs. 251.58 lacs were paid on 03-July-2015 in compliance with the terms of issue.

#### v) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2011)

##### Terms of repayment

##### Long term borrowing

Outstanding as at March 31, 2016 and March 31, 2015: Rs. Nil.

#### Current maturity

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Option -I	11.60%	52,241.36	53,467.20	11-Jul-16	12-Jul-15
	11.35%	23,254.35	24,304.40	11-Jul-16	12-Jul-15
	11.10%	7,264.68	7,324.64	11-Jul-16	12-Jul-15
<b>Total</b>		<b>82,760.39</b>	<b>85,096.24</b>		

#### Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of the Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 28.73 lacs on 28-October-2014 and as per the terms of the issue Rs. 14,874.96 lacs were redeemed on 11-July-2014

Put options were exercised for option I on 12-July-2015 and Rs. 225.45 lacs were paid on 12-August-2015 and Rs. 2,110.40 lacs were paid on 13-August-2015 in compliance with the terms of issue.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**vi) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2012)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -II	11.40%	13,382.08	13,349.04	9-Aug-17	-
	10.50%	12,812.18	12,845.22	9-Aug-17	-
Series -IV	11.40%	6,288.04	6,251.50	9-Aug-17	-
	10.50%	139.09	175.63	9-Aug-17	-
<b>Total</b>		<b>32,621.39</b>	<b>32,621.39</b>		

**Current maturity**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	11.15%	-	8,572.90	9-Aug-15	-
	10.25%	-	14,871.99	9-Aug-15	-
Series -III	11.15%	-	3,731.19	9-Aug-15	-
	10.25%	-	147.68	9-Aug-15	-
<b>Total</b>		-	<b>27,323.76</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non-convertible debentures of Rs. 54.85 lacs on 28-October-2014.

As per the terms of the issue Rs. 27,323.76 lacs were redeemed on 07-August-2015

**vii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-1**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	10.90%	-	12,850.81	1-Aug-16	-
	9.65%	-	13,542.26	1-Aug-16	-
Series -II	11.15%	11,558.97	11,561.58	31-Jul-17	-
	9.80%	3,381.06	3,378.46	31-Jul-17	-
	11.15%	11,558.97	11,561.58	31-Jul-18	-
	9.80%	3,381.07	3,378.46	31-Jul-18	-
Series -III	10.63%	5,822.11	5,801.02	31-Jul-18	-
	9.40%	74.91	96.00	31-Jul-18	-
Series -IV	10.90%	-	6,044.39	1-Aug-16	-
	9.65%	-	72.64	1-Aug-16	-
Series -V	11.15%	2,597.72	2,631.70	31-Jul-17	-
	9.80%	43.63	9.66	31-Jul-17	-
	11.15%	2,597.72	2,631.70	31-Jul-18	-
	9.80%	43.64	9.64	31-Jul-18	-
<b>Total</b>		<b>41,059.80</b>	<b>73,569.90</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**Current maturity**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	10.90%	12,819.78	-	1-Aug-16	-
	9.65%	13,573.29	-	1-Aug-16	-
Series -IV	10.90%	6,067.30	-	1-Aug-16	-
	9.65%	49.73	-	1-Aug-16	-
<b>Total</b>		<b>32,510.10</b>	-		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 73,589.04 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non- convertible debentures of Rs. 19.14 lacs on 28-October-2014.

**viii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	11.25%	-	7,745.00	24-Oct-16	-
	10.75%	-	19,390.84	24-Oct-16	-
Series -II	11.50%	3,165.18	3,167.15	24-Oct-18	-
	10.75%	7,488.34	7,486.37	24-Oct-18	-
Series -III	11.75%	4,703.56	4,710.54	24-Oct-20	-
	10.75%	3,053.99	3,047.01	24-Oct-20	-
Series -IV	11.25%	-	2,250.99	24-Oct-16	-
	10.75%	-	14.61	24-Oct-16	-
Series -V	11.50%	806.60	809.92	24-Oct-18	-
	10.75%	8.37	5.05	24-Oct-18	-
Series -VI	11.75%	1,349.17	1,348.34	24-Oct-20	-
	10.75%	23.35	24.18	24-Oct-20	-
<b>Total</b>		<b>20,598.56</b>	<b>50,000.00</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**Current maturity**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	11.25%	7,749.14	-	24-Oct-16	-
	10.75%	19,386.70	-	24-Oct-16	-
Series -IV	11.25%	2,250.16	-	24-Oct-16	-
	10.75%	15.44	-	24-Oct-16	-
<b>Total</b>		<b>29,401.44</b>	<b>-</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 50,000.00 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**ix) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series I	9.85%	111,397.42	111,578.53	15-Jul-17	-
	11.00%	6,980.86	6,571.96	15-Jul-17	-
	11.25%	7,514.40	7,742.19	15-Jul-17	-
Series II	10.00%	33,235.44	33,145.30	15-Jul-19	-
	11.25%	3,175.43	3,138.76	15-Jul-19	-
	11.50%	2,000.16	2,126.97	15-Jul-19	-
Series III	10.15%	5,334.05	5,588.00	15-Jul-21	-
	11.50%	5,765.62	5,327.02	15-Jul-21	-
	11.75%	2,507.20	2,691.85	15-Jul-21	-
Series IV	9.57%	45.42	51.76	15-Jul-19	-
	10.71%	1,512.84	1,427.85	15-Jul-19	-
	10.94%	1,225.38	1,304.03	15-Jul-19	-
Series V	9.71%	2.51	2.17	15-Jul-21	-
	10.94%	2,158.80	2,090.82	15-Jul-21	-
	11.17%	1,357.35	1,425.67	15-Jul-21	-
Series VI	9.85%	5,007.91	5,018.55	15-Jul-17	-
	11.00%	2,899.34	2,803.29	15-Jul-17	-
	11.25%	1,032.70	1,118.11	15-Jul-17	-
Series VII	10.00%	6.05	4.55	15-Jul-19	-
	11.25%	1,048.43	1,023.08	15-Jul-19	-
	11.50%	465.75	492.60	15-Jul-19	-
Series VIII	10.15%	33.57	33.17	15-Jul-21	-
	11.50%	1,947.07	1,893.46	15-Jul-21	-
	11.75%	831.01	885.02	15-Jul-21	-
<b>Total</b>		<b>197,484.71</b>	<b>197,484.71</b>		

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**Current maturity**

Outstanding as at March 31, 2016 & March 31, 2015: Rs. Nil.

**Nature of Security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 197,484.71 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in lacs)

Total non-convertible debentures- secured	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	761,693.72	410,031.31	1,065,434.86	270,851.65
Public issue (iv+v+vi+vii+viii+ix)	296,225.89	144,671.93	353,676.00	129,017.32
<b>Total non-convertible debentures- secured</b>	<b>1,057,919.61</b>	<b>554,703.24</b>	<b>1,419,110.86</b>	<b>399,868.97</b>
Less: issued to related parties	2.20	19.27	19.89	3.96
<b>Total</b>	<b>1,057,917.41</b>	<b>554,683.97</b>	<b>1,419,090.97</b>	<b>399,865.01</b>

**C) Redeemable non-convertible debentures (NCD)- unsecured**

Privately placed unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each

**Terms of repayment as on March 31, 2016**

**Long term borrowing**

Outstanding as at March 31, 2016 : Rs. Nil.

**Current maturity**

Outstanding as at March 31, 2016 : Rs. Nil.

**Terms of repayment as on March 31, 2015**

**Long term borrowing**

Outstanding as at March 31, 2015 : Rs. Nil.

Current maturity (gross of unamortised discount on debenture of Rs. Nil.)

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%	>=10% <12%^	Total
upto 12 months^	-	2,150.00	<b>2,150.00</b>
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**D) Term loans from bank- unsecured**

As at March 31, 2016

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
12-24 months	13.45%	Bullet	10,000.00	-
upto 12 months	9.60%	Bullet	-	12,000.00
<b>Total</b>			<b>10,000.00</b>	<b>12,000.00</b>

As at March 31, 2015

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	14.00%	Bullet	10,000.00	-
upto 12 months	10.00%	Bullet	-	10,000.00
<b>Total</b>			<b>10,000.00</b>	<b>10,000.00</b>

**E) Term loans from banks -secured**

As at March 31, 2016

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion #	Current maturities #
48-60 Months	9.40% to 9.95%	16 to 20 installments of quarterly frequency	361,106.87	96,187.50
36-48 Months	9.45% to 10.25%	16 to 20 installments of quarterly frequency	190,066.72	70,225.00
24-36 months	9.25% to 10.65%	3 to 48 installments of monthly, quarterly, half-yearly and yearly frequency	285,536.33	175,512.33
12-24 months	9.34% to 10.60%	1 to 48 installments of bullet, monthly, quarterly, half-yearly, yearly and specific frequency	101,692.84	131,893.67
upto 12 months	9.20% to 10.65%	1 to 60 installments of bullet, monthly, quarterly, half-yearly, yearly and specific frequency	-	281,909.86
<b>Total</b>			<b>938,402.76</b>	<b>755,728.36</b>

# Loans are classified in respective time buckets based on option date.

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

As at March 31, 2015

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion #	Current maturities #
48-60 months	10.35% to 10.75%	16 to 20 installments of quarterly frequency	207,061.63	49,812.50
36-48 months	10.10% to 11.75%	1 to 48 installments of monthly, quarterly and half-yearly frequency	331,103.92	98,625.00
24-36 months	10.25% to 11.75%	1 to 48 installments of monthly, quarterly, half-yearly, yearly and specific frequency	216,488.60	127,668.67
12-24 months	9.85% to 11.75%	1 to 60 installments of bullet, monthly, quarterly, half-yearly and specific frequency	211,298.23	147,614.29
upto 12 months (* refer security details)	9.00% to 12.25%	1 to 60 installments of monthly, quarterly, half-yearly and yearly frequency	-	83,147.71
<b>Total</b>			<b>965,952.38</b>	<b>506,868.17</b>

# Loans are classified in respective time buckets based on option date.

(Rs. in lacs)

Nature of security	As at March 31, 2015
a) * includes secured by hypothecation of vehicles for own use	0.44
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,472,820.11
<b>Total</b>	<b>1,472,820.55</b>

**F) Fixed deposits- unsecured -Refer note 28**

Terms of repayment as on March 31, 2016

Long term borrowing

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	37,146.33	-	37,146.33
36-48 months	8,224.08	24,046.33	32,270.41
24-36 months	206,850.56	12,876.90	219,727.46
12-24 months	33,110.82	259,812.09	292,922.91
<b>Total</b>	<b>285,331.79</b>	<b>296,735.32</b>	<b>582,067.11</b>
<b>Current maturity</b>			
<b>Upto 12 months</b>	<b>63,311.06</b>	<b>134,318.50</b>	<b>197,629.56</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**Terms of repayment as on March 31, 2015**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	5,136.39	24,017.39	29,153.78
36-48 months	305.36	12,958.74	13,264.10
24-36 months	19,388.02	262,174.47	281,562.49
12-24 months	9,874.37	136,222.74	146,097.11
<b>Total</b>	<b>34,704.14</b>	<b>435,373.34</b>	<b>470,077.48</b>

**Current maturity**

<b>Upto 12 months</b>	<b>37,711.68</b>	<b>28,220.71</b>	<b>65,932.39</b>
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(Rs. in lacs)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Total fixed deposits	582,067.11	197,629.56	470,077.48	65,932.39
Less: issued to related parties	42.63	4.09	33.98	7.10
<b>Total</b>	<b>582,024.48</b>	<b>197,625.47</b>	<b>470,043.50</b>	<b>65,925.29</b>

**G) Term loan from financial institutions/corporates -secured**

As at March 31, 2016

**Long term borrowing**

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 Months	9.70%	20 installments of quarterly frequency	59,000.00	16,000.00
36-48 Months	9.70%	20 installments of quarterly frequency	16,500.00	6,000.00
24-36 months	10.50%	6 installments of half-yearly frequency	25,000.00	16,666.67
12-24 months	9.70%	20 installments of specific frequency	7,500.00	10,000.00
upto 12 months	9.70% to 10.00%	1 to 12 installments of bullet and specific frequency	-	28,900.00
<b>Total</b>			<b>108,000.00</b>	<b>77,566.67</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

As at March 31, 2015

Long term borrowing

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.00%	20 installments of quarterly frequency	22,500.00	6,000.00
24-36 months	10.00%	20 installments of specific frequency	17,500.00	10,000.00
12-24 months	10.00%	1 to 12 installments of bullet and specific frequency	28,900.00	16,800.00
upto 12 months	10.00%	11 installments of specific frequency	-	5,000.00
<b>Total</b>			<b>68,900.00</b>	<b>37,800.00</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

(Rs. in lacs)

Total long-term borrowings	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Secured borrowings	2,104,322.29	1,387,970.60	2,453,935.32	944,419.41
Unsecured borrowings	922,566.45	231,097.08	831,622.98	144,211.30
<b>Total long-term borrowings</b>	<b>3,026,888.74</b>	<b>1,619,067.68</b>	<b>3,285,558.30</b>	<b>1,088,630.71</b>

**Shriram Transport Finance Company Limited**
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**
**(Rs. in lacs)**

Note 6-Other liabilities	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
Creditors other than Micro, Small and Medium Enterprises				
- for fixed assets	-	1.82	-	3.68
Current maturities of long term debts [Refer note 5]	-	1,619,067.68	-	1,088,630.71
Interest accrued but not due on loans	69,417.78	106,312.92	57,257.61	103,004.74
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	923.26	-	821.59
- Unclaimed matured deposits and interest accrued thereon	-	6,553.91	-	3,718.52
- Unclaimed matured debentures and interest accrued thereon	-	9,327.74	-	5,566.28
- Unclaimed matured subordinate debts and interest accrued thereon	-	2,028.85	-	1,855.92
Temporary credit balance in bank accounts	-	4,097.72	-	3,436.05
Tax deducted at source	-	2,568.66	-	2,038.99
Service tax payable	-	105.69	-	65.39
Statutory dues pertaining to employees	-	551.17	-	505.27
Value added tax	-	520.49	-	412.34
Works contract tax payable	-	2.31	-	3.67
Unrealised gain on securitisation *	30,657.73	66,307.82	24,387.06	50,009.19
Retention and others	16,271.38	-	15,517.51	-
<b>Total</b>	<b>116,346.89</b>	<b>1,818,370.04</b>	<b>97,162.18</b>	<b>1,260,072.34</b>

\*Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment.

**(Rs. in lacs)**

Note 7- Provisions	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
<b>For employee benefits</b>				
For gratuity	-	228.26	-	37.52
For leave encashment and availment	-	2,161.46	-	1,859.85
<b>For others</b>				
For non-performing assets	272,654.14	-	179,756.30	-
For standard assets [ Refer note (f) of note 2.1]	11,617.54	6,015.51	7,442.11	5,200.46
For service tax- contested	-	8,793.99	-	8,793.99
For value added tax	-	575.66	-	575.66
For income tax	-	17,059.83	-	7,889.06
[net of advance tax Rs. 293,809.1 lacs (March 31, 2015: Rs. 225,492.60 lacs)]				
Proposed dividend	-	13,612.96	-	13,612.96
Corporate dividend tax	-	2,771.28	-	2,721.78
<b>Total</b>	<b>284,271.68</b>	<b>51,218.95</b>	<b>187,198.41</b>	<b>40,691.28</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 8-Short-term borrowings	As at March 31, 2016	As at March 31, 2015
<b>Secured</b>		
Redeemable non-convertible debentures	25,000.00	-
<b>Term loans</b>		
Fom banks	102,625.00	236,344.91
<b>Loans repayable on demand (secured)</b>		
Cash credit	201,419.38	26,918.00
Working capital demand loan from banks	-	12,500.00
<b>Unsecured</b>		
Term loan from banks	4,000.00	12,000.00
Term loan from financial institutions	-	7,500.00
<b>Total</b>	<b>333,044.38</b>	<b>295,262.91</b>

**A) Non-convertible debenture (NCD) -secured**

**i) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each**

**Terms of repayment as on March 31, 2016**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	<=10%	Total
Upto 12 months	25,000.00	25,000.00
<b>Total</b>	<b>25,000.00</b>	<b>25,000.00</b>

Outstanding as at March 31, 2015 : Rs. Nil.

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**B) Term loans from bank -secured**

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2016
upto 12 months	9.30% to 9.80%	1 to 16 installments of bullet and quarterly frequency	102,625.00
<b>Total</b>			<b>102,625.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015
upto 12 months	9.75% to 11.00%	1 to 20 installments of bullet and quarterly frequency	236,344.91
<b>Total</b>			<b>236,344.91</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**C) Term loans from bank -unsecured**

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2016
upto 12 months	9.60%	Bullet	4,000.00
<b>Total</b>			<b>4,000.00</b>

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015 #
upto 12 months	10.00%	Bullet	12,000.00
<b>Total</b>			<b>12,000.00</b>

# Loan is classified in time buckets based on option date.

**D) Cash credit from bank**

(Rs. in lacs)

	As at March 31, 2016	As at March 31, 2015
Secured by hypothecation of specific assets covered under hypothecation loan agreements	201,419.38	26,918.00
<b>Total</b>	<b>201,419.38</b>	<b>26,918.00</b>

**E) Working capital demand loan -secured**

Terms of repayment as on March 31,2016

Outstanding as at March 31,2016 : Rs Nil.

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015
Upto 12 months	10.25% to 11.00%	Bullet	12,500.00
<b>Total</b>			<b>12,500.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans.

**F) Term loan from financial institutions - unsecured**

(Rs. in lacs)

	As at March 31, 2016	As at March 31, 2015
Upto 12 months	-	7,500.00
<b>Total</b>	<b>-</b>	<b>7,500.00</b>

(Rs. in lacs)

Total short-term borrowings	As at March 31, 2016	As at March 31, 2015
Secured borrowings	329,044.38	275,762.91
Unsecured borrowings	4,000.00	19,500.00
<b>Total short-term borrowings</b>	<b>333,044.38</b>	<b>295,262.91</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**  
**Note 9 - Tangible and intangible fixed assets**

Particulars	Tangible fixed assets										Intangible assets				Total intangible assets	
	Land - freehold	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total tangible fixed assets	Trademarks	Computer software	Total intangible assets					
<b>Gross block</b>																
As at April 01, 2014	4,460.79	641.75	8,943.21	304.33	2,380.43	81.79	8,201.58	25,013.88	4.64	1,380.67	1,385.31					
Additions	-	28.04	1,386.26	566.15	525.52	24.64	1,924.26	4,454.87	-	68.23	68.23					
Deletions	-	-	322.84	71.37	133.04	5.69	616.45	1,149.39	-	-	-					
Adjustment*	-	-	(1,556.36)	1,556.36	-	-	-	-	-	-	-					
<b>As at March 31, 2015</b>	<b>4,460.79</b>	<b>669.79</b>	<b>8,450.27</b>	<b>2,355.47</b>	<b>2,772.91</b>	<b>100.74</b>	<b>9,509.39</b>	<b>28,319.36</b>	<b>4.64</b>	<b>1,448.90</b>	<b>1,453.54</b>					
Additions	-	1.14	1,108.56	413.71	403.69	38.26	1,582.45	3,547.81	-	106.92	106.92					
Deletions	-	2.13	496.40	47.15	76.04	16.30	300.25	938.27	-	-	-					
Adjustment*	-	-	(25.61)	25.61	-	-	-	-	-	-	-					
<b>As at March 31, 2016</b>	<b>4,460.79</b>	<b>668.80</b>	<b>9,036.82</b>	<b>2,747.64</b>	<b>3,100.56</b>	<b>122.70</b>	<b>10,791.59</b>	<b>30,928.90</b>	<b>4.64</b>	<b>1,555.82</b>	<b>1,560.46</b>					
<b>Depreciation</b>																
As at April 01, 2014	-	95.18	3,862.95	155.28	1,377.90	70.40	4,185.60	9,747.31	1.66	1,167.13	1,168.79					
Retained Earnings	-	-	56.09	107.85	-	-	-	163.94	-	-	-					
Charge for the year	-	11.22	1,831.84	433.17	401.52	3.65	1,496.40	4,177.80	0.46	135.00	135.46					
Deletions	-	-	276.40	62.08	108.29	5.41	593.95	1,046.13	-	-	-					
Adjustment*	-	-	(320.95)	320.95	-	-	-	-	-	-	-					
<b>As at March 31, 2015</b>	<b>-</b>	<b>106.40</b>	<b>5,153.53</b>	<b>955.17</b>	<b>1,671.13</b>	<b>68.64</b>	<b>5,088.05</b>	<b>13,042.92</b>	<b>2.12</b>	<b>1,302.13</b>	<b>1,304.25</b>					
Charge for the year	-	12.73	1,351.59	428.35	184.80	5.95	1,679.72	3,663.14	0.46	97.32	97.78					
Deletions	-	2.13	442.43	39.63	58.60	13.24	273.94	829.97	-	-	-					
Adjustment*	-	-	(8.64)	8.64	-	-	-	-	-	-	-					
<b>As at March 31, 2016</b>	<b>-</b>	<b>117.00</b>	<b>6,054.05</b>	<b>1,352.53</b>	<b>1,797.33</b>	<b>61.35</b>	<b>6,493.83</b>	<b>15,876.09</b>	<b>2.58</b>	<b>1,399.45</b>	<b>1,402.03</b>					
<b>Net block</b>																
As at March 31, 2015	4,460.79	563.39	3,296.74	1,400.30	1,101.78	32.10	4,421.34	15,276.44	2.52	146.77	149.29					
As at March 31, 2016	4,460.79	551.80	2,982.77	1,395.11	1,303.23	61.35	4,297.76	15,052.81	2.06	156.37	158.43					

\* Adjustment is on account of regrouping of fixed assets

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**Note 9 - Tangible and intangible fixed assets**

(Rs. in lacs)

Depreciation and amortisation	Year ended	
	March 31, 2016	March 31, 2015
on tangible assets	3,663.14	4,177.80
on intangible assets	97.78	135.46
on investment property	2.24	2.23
<b>Total</b>	<b>3,763.16</b>	<b>4,315.49</b>

**Note 10 - Non-current investments**

(Rs. in lacs)

	Non-current investments	As at March 31, 2016	As at March 31, 2015
<b>1</b>	Investment property (net of depreciation)	192.99	195.23
<b>2</b>	Non trade :		
<b>A.</b>	Investment in equity shares-unquoted	67.20	67.20
<b>B.</b>	Investment in government securities	115,126.15	75,333.42
<b>C.</b>	Investment in subordinated debts	5,034.18	5,000.00
<b>D.</b>	Investment in venture capital fund	1,655.64	1,655.64
<b>E.</b>	Investment in mutual fund	200.00	200.00
	Less : Aggregate provision for diminution in value of investments	(25.00)	(25.00)
	<b>Total</b>	<b>122,251.16</b>	<b>82,426.49</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

	Particulars	Face value	Quantity	Amount	Quantity	Amount
			As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>1</b>	<b>Investment property (at cost less accumulated depreciation)</b>					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			18.67		16.43
	<b>Net Block</b>			<b>192.99</b>		<b>195.23</b>
<b>2</b>	<b>Non trade (valued at cost unless stated otherwise)</b>					
<b>A.</b>	<b>Shares : Fully paid up</b>					
	<b>Unquoted - Equity shares</b>					
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited (At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2015: Rs. 25.00 lacs) )	10	25,000	-	25,000	-
	The Zoroastrian Co-operative Bank Limited	25	100	0.03	100	0.03
	Freight Commerce Solutions Private Limited	10	3,705	0.37	3,705	0.37
	Shriram Seva Sankalp Foundation	10	18,000	1.80	18,000	1.80
<b>B.</b>	<b>Government Securities [Refer note 28]</b>					
	<b>Quoted</b>					
	6.13% GOI Loan 2028	100	176,000	177.26	176,000	177.36
	6.35% GOI Loan 2020	100	2,500,000	2,425.39	2,500,000	2,405.49
	6.90% GOI Loan 2019	100	5,000,000	4,871.87	5,000,000	4,832.76
	7.02% GOI Loan 2016	100	-	-	400,000	398.27
	7.16% GOI Loan 2023	100	12,500,000	11,947.76	12,500,000	11,917.43
	7.80% GOI Loan 2020	100	2,500,000	2,496.84	2,500,000	2,496.07
	8.13% GOI Loan 2022	100	2,500,000	2,501.76	2,500,000	2,502.04
	8.24% GOI Loan 2027	100	500,000	497.70	500,000	497.49
	8.26% GOI Loan 2027	100	7,500,000	7,385.00	7,500,000	7,374.83
	8.28% GOI Loan 2027	100	15,000,000	14,341.91	15,000,000	14,284.44
	8.33% GOI Loan 2026	100	7,500,000	7,491.38	7,500,000	7,490.54
	8.60% GOI Loan 2028	100	7,500,000	7,975.80	7,500,000	8,220.41
	8.83% GOI Loan 2023	100	10,000,000	10,069.00	10,000,000	10,078.04
	8.97% GOI Loan 2030	100	2,500,000	2,648.14	2,500,000	2,658.25
	8.15% GOI Loan 2026 (Purchased during the year)	100	10,000,000	10,082.07	-	-
	7.88% GOI Loan 2030 (Purchased during the year)	100	22,200,000	22,111.98	-	-
	8.20% GOI Loan 2025 (Purchased during the year)	100	8,000,000	8,102.29	-	-

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

	Particulars	Face value	Quantity	Amount	Quantity	Amount
			As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>C.</b>	<b>Unquoted -Investment in Subordinated debts</b>					
	Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
	Shriram City Union Finance Company Limited (Purchased during the year)	1,000	2,920	34.18	-	-
<b>D.</b>	<b>Unquoted- Venture Capital fund</b>					
	ICICI Investment Management Company Limited ( Subscribed during the year Rs. Nil (March 31, 2015: Rs. 237.13 lacs) and redeemed during the year is Rs. Nil (March 31, 2015: Rs. 34.54 lacs )	10,000	16,556	1,655.64	16,556	1,655.64
<b>E.</b>	<b>Unquoted: Investment in mutual fund</b>					
	Shriram Equity & Debt Opportunities Fund Direct - Growth	10	2,000,000	200.00	2,000,000	200.00
	<b>Total</b>			<b>122,251.16</b>		<b>82,426.49</b>
	<b>Aggregate value of quoted investments</b>					
	Cost of acquisition			115,126.15		75,533.42
	Market value			117,783.14		78,023.63
	<b>Aggregate value of unquoted investments</b>					
	Cost of acquisition			6,957.02		6,722.84
	<b>Aggregate provision for diminution in value of investments</b>			25.00		25.00

(Rs. in lacs)

Note 11-Deferred tax assets (net)	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting period	1,454.68	1,122.49
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	4,408.88	4,072.89
Provision for securitisation	19,497.03	17,509.87
Provision for standard assets	6,102.45	4,081.61
<b>Gross deferred tax assets (A)</b>	<b>31,463.04</b>	<b>26,786.86</b>
<b>Deferred tax liability</b>		
Debenture issue expenses	575.90	1,008.53
<b>Gross deferred tax liability (B)</b>	<b>575.90</b>	<b>1,008.53</b>
<b>Net deferred tax assets (A-B)</b>	<b>30,887.14</b>	<b>25,778.33</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 12 -Loans and advances	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current portion #	Non-current portion	Current portion #
<b>Unsecured, considered good</b>				
Capital advances	237.74	-	246.60	-
Security deposits	3,047.08	794.25	2,842.25	722.56
<b>Secured, considered good</b>				
Hypothecation loans	3,800,745.73	1,847,547.58	2,888,862.86	1,947,908.15
Retained interest on securitisation	28,365.13	37,830.80	24,011.94	33,466.27
Other loans	280.89	78.89	48,625.79	16,503.67
Securitisation deferred consideration receivable *	30,657.73	66,307.82	24,387.06	50,009.19
<b>Unsecured, considered good</b>				
Unsecured loans ^	38,122.56	111,822.99	8,730.59	73,807.56
Advance - hypothecation loans	-	2,410.94	1,119.60	-
<b>Doubtful</b>				
Secured hypothecation loans	367,627.98	-	225,869.97	-
Unsecured loan	19,199.82	-	10,692.98	-
Advances recoverable in cash or in kind or for value to be received	196.04	-	36.03	-
<b>Other loans and advances -Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received	4,198.69	5,741.27	2,753.55	4,147.78
Service tax credit (input) receivable	-	2,858.91	-	3,261.89
Prepaid expenses	100.00	559.85	77.96	502.41
Advance income tax (net of provision for taxation)	8,547.34	-	9,868.27	-
[net of provision for income tax Rs 236,191.09 lacs (March 31, 2015: Rs. 249,131.37 lacs)]				
<b>Total</b>	<b>4,301,326.73</b>	<b>2,075,953.30</b>	<b>3,248,125.45</b>	<b>2,130,329.48</b>

# Includes current maturities of long term loans and advances

^ Advance given to the Company in which the director is interested Rs. 0.60 lacs (March 31, 2015: Rs. Nil)

\* Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 13 -Other assets	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Unsecured, considered good</b>				
Fixed deposits with banks (Note 16)	0.25	-	290.80	-
Margin money deposit with banks (Note 16)	340.03	-	6,727.97	-
Interest accrued on investments	1.23	2,031.82	-	1,578.11
Interest accrued on fixed deposits with banks	40.98	1,799.29	58.14	3,221.27
Plan Asset - gratuity	-	6.17	-	1.29
Public issue expenses for non-convertible debentures	589.71	1,074.35	1,664.06	1,303.09
Issue expenses for equity shares	416.81	152.77	569.59	152.77
<b>Total</b>	<b>1,389.01</b>	<b>5,064.40</b>	<b>9,310.56</b>	<b>6,256.53</b>

**Note 14 - Current investments**

(Rs. in lacs)

Current investments		As at March 31, 2016	As at March 31, 2015
<b>1</b>	Investment in government securities	399.52	499.32
<b>2 a)</b>	Investment in certificate of deposit with banks	-	220,792.81
<b>b)</b>	Investment in mutual fund	11,298.67	-
<b>c)</b>	Investment in subordinated debt	1.00	-
		<b>11,699.19</b>	<b>221,292.13</b>

(Rs. in lacs)

Particulars	Face value	Quantity	Amount	Quantity	Amount
		As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>Current portion of long term investments (valued at cost unless otherwise mentioned)</b>					
<b>1 Quoted: Government securities [Refer note 28]</b>					
6.49% GOI Loan 2015	100	-	-	500,000	499.32
Redeemed during the year at par					
7.02% GOI Loan 2016	100	400,000	399.52	-	-
This security is redeemable on August 17, 2016 at par					
<b>2 Current Investments (At lower of cost and fair value)</b>					
<b>a) Unquoted: Investment in certificate of deposit with banks</b>					
Andhra Bank		-	-	10,000	9,817.48
Bank of Maharashtra		-	-	25,000	24,562.73
Corporation Bank		-	-	30,000	29,386.23
Jammu & Kashmir Bank		-	-	25,000	24,540.55
Oriental Bank of Commerce		-	-	35,000	34,422.50
Punjab & Sindh Bank		-	-	30,000	29,416.65
State Bank of Bikaner and Jaipur		-	-	25,000	24,496.16
Syndicate Bank		-	-	25,000	24,568.65
UCO Bank		-	-	20,000	19,581.86

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Particulars	Face value	Quantity	Amount	Quantity	Amount
		As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>b) Unquoted: Investment in Mutual fund</b>					
Kotak Liquid Scheme Plan A - Direct Plan -Growth	10	325,651	10,000.00	-	-
Axis Liquid Fund - Direct Growth	1,000	77,414	1,298.67	-	-
<b>c) Unquoted: Investment in Subordinated debt</b>					
Shriram City Union Finance Company Limited	1,000	100	1.00	-	-
<b>Total</b>			<b>11,699.19</b>		<b>221,292.13</b>
<b>Aggregate value of quoted investments</b>					
Cost of acquisition			399.52		499.32
Market value			399.53		498.04
<b>Aggregate value of unquoted investments</b>					
Cost of acquisition			11,299.67		220,792.81
<b>Aggregate provision for diminution in value of investments</b>			-		-

(Rs. in lacs)

Note 15 - Trade receivables	As at March 31, 2016	As at March 31, 2015
	Current portion	Current portion
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
<b>Other receivables (Unsecured, considered good)</b>		
Other receivables	1,009.48	298.86
<b>Total</b>	<b>1,009.48</b>	<b>298.86</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**(Rs. in lacs)**

Notes 16 -Cash and bank balances	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	59,765.26	-	166,700.86
Unclaimed dividend accounts	-	923.26	-	821.59
Deposits with original maturity of less than three months	-	5,036.28	-	166,515.00
ii) Cheques on hand	-	4,698.24	-	7,576.72
iii) Cash on hand	-	10,124.16	-	10,990.89
	-	<b>80,547.20</b>	-	<b>352,605.06</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	0.25	10.38	290.80	9.22
Deposits with original maturity for more than 3 months but less than 12 months	-	30,296.87	-	6,588.28
Margin money deposit # @	340.03	125,700.58	6,727.97	116,915.32
	<b>340.28</b>	<b>156,007.83</b>	<b>7,018.77</b>	<b>123,512.82</b>
<b>Amount disclosed under non-current assets   Refer note 13]</b>	<b>(340.28)</b>	<b>-</b>	<b>(7,018.77)</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>236,555.03</b>	<b>-</b>	<b>476,117.88</b>

@ Includes deposits of Rs. 0.71 lacs (March 31, 2015 Rs. 1.64 lacs) pledged with VAT authorities.

# Includes deposits of Rs. 1,24,055.99 lacs (March 31, 2015: Rs. 115,097.11 lacs) pledged with Banks as margin for credit enhancement, Rs. 1,527.60 lacs (March 31, 2015: Rs. 8,106.35 lacs) as margin for guarantees and Rs. 457.02 lacs (March 31, 2015: Rs. 439.84 lacs) pledged as lien against loans taken.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

(Rs. in lacs)

<b>Note 17 - Revenue from operations</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
<b>Interest income on:-</b>		
- loan portfolio and related charges	923,123.19	773,833.99
- direct assignment	7,331.14	22,006.48
- securitisation including interest on pass through certificates*	40,758.92	32,754.04
- margin money on securitisation/ assignments	8,466.80	10,971.17
- deposits with banks	2,288.03	1,728.06
- long-term investments	8,087.83	4,675.73
- current investments	321.37	867.55
<b>Other financial services</b>		
Reversal of provision for securitisation	15,782.24	24,348.30
Income from portfolio management services	-	1.68
Income from commission services	6,190.42	5,414.12
Bad debt recovery	870.08	594.08
Dividend on long-term investments	-	0.25
Dividend on current investments	-	2.19
Profit on sale of current investments (net)	11,028.08	34,050.05
<b>Facilitation fees</b>	6,780.73	6,452.13
<b>Total</b>	<b>1,031,028.83</b>	<b>917,699.82</b>

\* Includes Rs 2,832.11 lacs (March 31, 2015: Rs. 7,033.92 lacs) of income on pass through certificates where distribution tax has been deducted by the trustees as per section 115TA of Income Tax Act.

(Rs. in lacs)

<b>Note 18 - Other income</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
Income from operating lease	7.12	10.14
Profit on sale of assets (net)	1.01	-
Miscellaneous income	338.06	251.71
<b>Total</b>	<b>346.19</b>	<b>261.85</b>

(Rs. in lacs)

<b>Note 19- Employee benefit expenses</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
Salaries, other allowances and bonus	57,005.67	45,140.67
Gratuity expenses	704.30	725.50
Contribution to provident and other funds	3,465.73	2,986.91
Staff welfare expenses	1,197.61	1,550.83
<b>Total</b>	<b>62,373.31</b>	<b>50,403.91</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

(Rs. in lacs)

<b>Note 20 - Finance cost</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
<b>Interest expense</b>		
Debtentures	179,322.04	177,916.28
Subordinated debts	43,647.53	50,057.08
Fixed deposits	69,966.24	41,603.99
Loans from banks	185,256.81	166,626.43
Loans from institutions and others	15,248.50	11,626.42
Commercial paper	866.28	1,315.63
<b>Other borrowing costs</b>		
Professional charges - resource mobilisation	3,709.84	9,557.88
Processing charges on loans	604.99	910.17
Brokerage	5,867.05	6,088.93
Amortisation of public issue expenses for non-convertible debtentures	1,303.09	1,761.70
<b>Total</b>	<b>505,792.37</b>	<b>467,464.51</b>

(Rs. in lacs)

<b>Note 21 -Other expenses</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
Rent	8,346.60	7,750.80
Lease rent for parking yards	323.07	182.89
Electricity expenses	1,440.13	1,257.77
Direct selling associates commission	-	51.10
Repairs and maintenance		
- Buildings	36.50	24.25
- Others	742.09	861.83
Rates and taxes	126.06	50.93
Printing and stationery	1,485.84	1,543.70
Travelling and conveyance	13,191.95	12,152.07
Advertisement	156.72	328.57
Business promotion	5,972.77	8,816.10
Buyer and seller facilitation expense	789.80	819.58
Royalty	10,096.80	6,249.24
Directors' sitting fees	18.48	12.26
Insurance	89.09	59.25
Communication expenses	4,680.83	4,472.86
Payment to auditor [ Refer note 33]		
As Auditor:		
- Audit fees	163.55	160.40
- Tax audit fees	11.15	10.93
- Out of pocket	8.39	8.46

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**(Rs. in lacs)**

<b>Note 21 -Other expenses</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
In any other manner:		
- Certification	52.02	3.09
Bank charges	2,981.59	3,106.81
Professional charges on securitisation	2,162.18	3,170.41
Legal and professional charges	3,519.14	3,762.89
Donations	934.31	617.72
Loss on sale of fixed assets (net)	36.37	38.74
Issue expenses for equity shares	152.78	152.78
Security charges	78.97	18.77
Service charges paid	5,016.04	4,528.64
CSR expenses [ Refer note 35]	929.42	74.10
Miscellaneous expenses	11,118.20	9,312.88
<b>Total</b>	<b>74,660.84</b>	<b>69,599.82</b>

**(Rs. in lacs)**

<b>Note 22 - Provisions and write offs</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
Provision for non-performing assets	90,446.24	60,954.86
Provision for standard assets [ Refer note (f) of note 2.1]	4,990.48	2,766.27
Bad debts written off	110,420.78	97,501.26
<b>Total</b>	<b>205,857.50</b>	<b>161,222.39</b>

**23 Earnings per share**

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Net Profit after tax as per Statement of Profit and Loss (Rs. in lacs) <b>(A)</b>	118,361.82	102,844.45
Weighted average number of equity shares for calculating basic EPS (in lacs) <b>(B)</b>	2,268.83	2,268.83
Weighted average number of equity shares for calculating diluted EPS (in lacs) <b>(C)</b>	2,268.83	2,268.83
Basic earnings per equity share (in Rupees) (face value of Rs. 10/- per share) <b>(A) / (B)</b>	52.17	45.33
Diluted earnings per equity share (in Rupees) (face value of Rs. 10/- per share) <b>(A) / (C)</b>	52.17	45.33

**24 Gratuity and other post-employment benefit plans:**

The Group has defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with the insurance companies in the form of qualifying insurance policy.

The Group has funded Rs. 235.39 lacs during the financial year 2015-16 and Rs. 372.43 lacs during the financial year 2014-15. Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies (Accounts) Rules, 2014, as amended, the following disclosures have been made as required by the standard:

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**24 Gratuity and other post-employment benefit plans:**

**Statement of Profit and Loss**

Net employee benefit expense (recognized in employee cost)

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	387.34	352.87
Interest cost on benefit obligation	215.29	199.16
Expected return on plan assets	(213.46)	(180.42)
Net actuarial (gain) / loss recognised in the year	328.71	(30.84)
Past service cost	Nil	Nil
<b>Net benefit expense*</b>	<b>717.88</b>	<b>340.77</b>
Actual return on plan assets	256.62	239.79

\*Gratuity expenses as per note 19 of Statement of Profit and Loss for the year ended March 31, 2016 is after netting of Rs.13.60 lacs on account of gratuity transferred from other company.

**Balance Sheet**

Benefit asset/(liability)

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	3,683.62	2,709.10
Fair value of plan assets	3,178.01	2,685.99
Surplus/(deficit)	(505.61)	(23.11)
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability) *</b>	<b>(505.61)</b>	<b>(23.11)</b>

\*Gratuity liability for the year ended March 31, 2016 disclosed under note 7 – Provisions and note 13- Other assets is after netting off amount paid to trust on account of relieved employees Rs. 271.76 lacs and gratuity transferred to other company Rs. 11.76 lacs

**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	2,709.10	2,128.54
Interest cost	215.29	199.16
Current service cost	387.34	352.87
Benefits paid	Nil	Nil
Actuarial (gains) / losses on obligation	371.89	28.53
<b>Closing defined benefit obligation</b>	<b>3,683.62</b>	<b>2,709.10</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**24 Gratuity and other post-employment benefit plans:**

Changes in the fair value of the plan assets are as follows:

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening fair value of plan assets	2,685.99	2,073.76
Expected return	213.46	180.42
Contributions by employer	235.39	372.43
Benefits paid	Nil	Nil
Actuarial gains /( losses)	43.17	59.37
<b>Closing fair value of plan assets</b>	<b>3,178.01</b>	<b>2,685.99</b>

The Group expects to contribute Rs.936.09 lacs to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
	%	%
Investments with insurer	100	100

The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Discount Rate	7.80%	7.95%
Expected rate of return on assets	7.80%	7.95%
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	7.50% and 20.00%	5.00% and 15.00%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*7.50% in case of employees with service period of 5 years and above and 20.00% for all other employees for the current year.

\*5.00% in case of service greater than 5 years and 15.00% for all other employees for the previous year.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current year and previous four years are as follows:

(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	3,683.62	2,709.10	2,128.54	1,927.94	1,460.99
Plan assets	3,178.01	2,685.99	2,073.77	Not applicable	Not applicable
Surplus / (deficit)	(505.61)	(23.11)	(54.77)	(1,927.94)	(1,460.99)
Experience adjustments on plan liabilities (gains)/losses	200.11	(271.95)	58.31	94.64	343.18
Experience adjustments on plan assets (losses)/gains	43.17	59.37	51.10	Not applicable	Not applicable

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**  
**Year ended March 31, 2016**

(Rs. in lacs)

<b>Particulars</b>	<b>Financing activities</b>	<b>Facilitation service division</b>	<b>Total</b>
Segment revenue	1,024,484.39	6,890.63	<b>1,031,375.02</b>
Segment results (Profit before tax and after interest on financing segment)	178,497.97	435.01	<b>178,932.98</b>
Less: Unallocated reconciling items	-	5.14	<b>5.14</b>
<b>Net profit before tax</b>			<b>178,927.84</b>
Less: Income Taxes			<b>60,566.02</b>
<b>Net profit after tax</b>			<b>118,361.82</b>
Add: Share of profit of associate			-
<b>Net profit after taxes and share of loss of associate</b>			<b>118,361.82</b>
<b>Other information:</b>			
Segment assets	6,754,011.87	7,900.33	<b>6,761,912.21</b>
Unallocated corporate assets	39,176.16	258.32	<b>39,434.48</b>
<b>Total assets</b>	<b>6,793,188.03</b>	<b>8,158.65</b>	<b>6,801,346.69</b>
Segment liabilities	5,763,918.76	2,819.76	<b>5,766,738.52</b>
Unallocated corporate liabilities	16,918.04	141.79	<b>17,059.83</b>
<b>Total Liabilities</b>	<b>5,780,836.80</b>	<b>2,961.55</b>	<b>5,783,798.35</b>
Capital expenditure	3,589.97	64.76	<b>3,654.73</b>
Depreciation	3,630.61	132.55	<b>3,763.16</b>
Other non cash expenditure	213,858.26	196.31	<b>214,054.57</b>

**Year ended March 31, 2015**

(Rs. in lacs)

<b>Particulars</b>	<b>Financing activities</b>	<b>Facilitation service division</b>	<b>Total</b>
Segment revenue	911,446.33	6,515.34	<b>917,961.67</b>
Segment results (Profit before tax and after interest on financing segment)	164,620.71	350.12	<b>164,970.83</b>
Less: Unallocated reconciling items	-	15.28	<b>15.28</b>
<b>Net profit before tax</b>			<b>164,955.55</b>
Less: Income Taxes			<b>62,111.10</b>
<b>Net profit after tax</b>			<b>102,844.45</b>
Add: Share of profit of associate			-
<b>Net profit after taxes and share of loss of associate</b>			<b>102,844.45</b>
<b>Other information:</b>			
Segment assets	6,173,653.10	6,061.74	<b>6,179,714.84</b>
Unallocated corporate assets	35,504.46	142.14	<b>35,646.60</b>
<b>Total assets</b>	<b>6,209,157.56</b>	<b>6,203.88</b>	<b>6,215,361.44</b>
Segment liabilities	5,277,531.46	3,359.14	<b>5,280,890.60</b>
Unallocated corporate liabilities	7,747.27	141.79	<b>7,889.06</b>
<b>Total Liabilities</b>	<b>5,285,278.73</b>	<b>3,500.93</b>	<b>5,288,779.66</b>
Capital expenditure	4,398.56	124.54	<b>4,523.10</b>
Depreciation	4,108.61	206.88	<b>4,315.49</b>
Other non cash expenditure	165,966.55	48.86	<b>166,015.41</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**26 Employee Stock Option Plan**

	<b>Series I (SAIL)</b>
Date of grant	28-Jan-14
Date of board/committee approval	6-May-13
Date of shareholder's approval	11-Nov-13
Number of options granted	100,000
Method of settlement (cash/equity)	Equity
Graded vesting period	
After 1 year of grant date	20% of options granted
After 2 years of grant date	30% of options granted
After 3 years of grant date	50% of options granted
Exercisable period	10 years from vesting date
Vesting Conditions	on achievement of pre -determined targets

The details of Series I have been summarized below:

**Shriram Automall (India) Limited**

	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price(Rs.)</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price(Rs.)</b>
Outstanding at the beginning of the period	100,000	10.00	100,000	10.00
Add: Granted during the period	-	-	-	-
Outstanding at the end of the period	100,000	10.00	100,000	10.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	4.84	-	5.84
Weighted average fair value of options granted	-	27.40	-	27.40

The share price is Rs 33.51 as per the share valuation derived by Black Scholes Model as on 31st March 2016

The details of exercise price for stock options outstanding for Series I at the end of the year are:

**Shriram Automall (India) Limited**

<b>As at</b>	<b>Range of exercise prices</b>	<b>Number of options outstanding</b>	<b>Weighted average remaining contractual life of options (in years)</b>	<b>Weighted average exercise price</b>
<b>.March 31, 2016</b>	Rs. 10/-	100,000	4.84	Rs. 10/-
<b>.March 31, 2015</b>	Rs. 10/-	100,000	5.84	Rs. 10/-

Effect of the employee share-based payment plans on the Statement of Profit and Loss and on its financial position:

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**26 Employee Stock Option Plan**

Particulars	(Rs. in lacs)	
	As at March 31, 2016	As at March 31, 2015
Total compensation cost pertaining to employee share-based payment plan (entirely equity-settled)	9.07	55.33
Liability for employee stock options outstanding as at year end	31.14	114.75
Deferred compensation cost	4.28	49.19

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	Year ended March 31, 2016	Year ended March 31, 2015
Profit as reported (Rs. in lacs)	118,361.82	102,844.45
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	9.07	55.33
Less: Employee stock compensation under fair value method (Rs. in lacs)	9.25	19.39
Proforma profit (Rs. in lacs)	118,361.64	102,880.39
Less: Preference dividend	-	-
Proforma net profit for equity shareholders	118,361.64	102,880.39
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	52.17	45.33
- Proforma	52.17	45.33
<b>Diluted (Rs.)</b>		
- As reported	52.17	45.33
- Proforma	52.17	45.33
Nominal Value (Rs.)	10.00	10.00

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2016****27 Leases****In case of assets taken on lease**

The Group has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the Statement of Profit and Loss are Rs. 8,346.60 lacs (March 31, 2015: Rs.7,750.80 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

The future minimum lease payments in respect of non-cancellable operating lease as at the Balance Sheet date are summarized below :

	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Minimum lease payments:</b>		
Not later than one year	3,222.16	2,102.27
Later than one year but not later than five years	6,570.19	4,053.62
Later than five years	3,331.56	1,838.92

- 28** In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities to the extent of Rs. 116,276.00 lacs (March 31, 2015: Rs. 76,576.00 lacs) in favour of trustees representing the public deposit holders of the Company.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**29 Related parties disclosure**

**Related party where control exists**

**Other related parties**

Enterprises having significant influence over the Company : Shriram Capital Limited  
Shriram Ownership Trust  
Shriram Financial Ventures (Chennai) Private Limited  
Piramal Enterprises Limited

Related parties as per AS 18 with whom transactions have taken place during the year

Key management personnel : Mr. Umesh Revankar, Managing Director  
Mr. Sameer Malhotra, Whole Time Director of SAIL  
Mr. Pratap Paode, CEO (w.e.f 01-04-2011) of SEFC

Relatives of key management personnel : Mrs. Suchita U. Revankar (spouse of Managing Director)  
Mr Shirish U. Revankar ( son of Managing Director)  
Mr Shreyas U. Revankar (son of Managing Director)  
Mrs. Geeta G. Revankar (mother of Managing Director)  
Mr .Anil G.Revankar (brother of Managing Director )  
Mrs. Kamini Malhotra (spouse of Mr. Sameer Malhotra )  
Mrs. Bidisha Paode (spouse of Mr. Pratap Paode)

Related parties as per the Companies Act, 2013 with whom transactions have taken place during the year

Key management personnel : Mr. Vivek Achwal, Company Secretary  
: Mr. Parag Sharma, Chief Financial Officer  
Mr. Nitin Lokhande, Company Secretary of SAIL  
Mrs. Harshita Phophalia, Chief Financial Officer of SAIL  
Mr. Amit Agarwal, Chief Financial Officer of SEFC  
Ms. Reema Desai, Company Secretary of SEFC

Relatives of key management personnel : Mrs. Ranjana Achwal (spouse of Company Secretary )  
Mr. Anish Achwal (son of Company Secretary)  
Mrs. Shelly Sharma (spouse of Chief Financial Officer)  
Ms. Atibhi Sharma (daughter of Chief Financial Officer)  
Mr. Amit Sharma (brother of Chief Financial Officer)  
Mrs. Rama Sharma (mother of Chief Financial Officer)  
Mr. Madan Mohan Sharma (father of Chief Financial Officer)

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**29 Related parties disclosure**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Key management personnel (Managing Director, whole time director, manager and other management personnel)		Relative of key management personnel		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Payments/Expenses</b>								
Employee benefits for key management personnel \$	-	-	221.35	305.53	-	-	221.35	305.53
Royalty paid to Shriram Ownership Trust @	10,096.80	6,249.24	-	-	-	-	10,096.80	6,249.24
Service charges paid to Shriram Capital Limited @	5,016.04	4,528.64	-	-	-	-	5,016.04	4,528.64
Equity dividend paid Ω	-	-	3.57	6.23	0.01	-	3.58	6.23
- Shriram Capital Limited	5,910.32	4,728.25	-	-	-	-	5,910.32	4,728.25
- Piramal Enterprises Limited	2,260.00	-	-	-	-	-	2,260.00	-
Car hire charges	-	-	-	-	10.55	10.89	10.55	10.89
Non-convertible debenture matured Ω	-	-	-	-	2.38	23.08	2.38	23.08
Fixed deposit matured Ω	-	-	-	-	3.00	1.10	3.00	1.10
Subordinated debt matured Ω								
- Shriram Capital Limited	28.09	-	-	-	-	-	28.09	-
Interest on fixed deposit	-	-	-	-	5.05	2.57	5.05	2.57
Interest on subordinated debt	-	-	-	-	0.16	0.14	0.16	0.14
- Shriram Capital Limited	42.16	12.03	-	-	-	-	42.16	12.03
Interest on Non-convertible debenture	-	-	0.55	0.51	1.61	3.52	2.16	4.03
- Shriram Capital Limited	0.54	0.54	-	-	-	-	0.54	0.54
Rent paid to Shriram Capital Limited @	224.68	95.29	-	-	-	-	224.68	95.29
Other administrative expenses								
- Shriram Capital Limited	94.58	31.89	-	-	-	-	94.58	31.89
<b>Receipts/Income</b>								
Recovery of rent & electricity								
- Shriram Capital Limited	26.03	13.44	-	-	-	-	26.03	13.44
Fixed deposit μ	-	-	-	-	7.17	31.89	7.17	31.89

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**29 Related parties disclosure**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Key management personnel (Managing Director, whole time director, manager and other management personnel)		Relative of key management personnel		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Balance outstanding at the year end</b>								
Share capital	-	-	5.95	5.95	0.02	-	<b>5.97</b>	<b>5.95</b>
- Shriram Capital Limited	5,910.32	5,910.32	-	-	-	-	<b>5,910.32</b>	<b>5,910.32</b>
- Piramal Enterprises Limited	2,260.00	-	-	-	-	-	<b>2,260.00</b>	-
Non-convertible debenture	-	-	4.38	4.38	11.96	14.47	<b>16.34</b>	<b>18.85</b>
- Shriram Capital Limited	5.00	5.00	-	-	-	-	<b>5.00</b>	<b>5.00</b>
Interest payable on non-convertible debenture	-	-	0.96	0.57	0.92	1.31	<b>1.88</b>	<b>1.88</b>
Receivable from Shriram Capital Limited	2.17	4.12	-	-	-	-	<b>2.17</b>	<b>4.12</b>
Rent Payable to Shriram Capital Limited	42.14	-	-	-	-	-	<b>42.14</b>	-
Outstanding expenses								
- Shriram Capital Limited	283.42	13.69	-	-	-	-	<b>283.42</b>	<b>13.69</b>
- Shriram Ownership Trust	1,184.10	294.88	-	-	-	-	<b>1,184.10</b>	<b>294.88</b>
Fixed deposit	-	-	-	-	46.72	41.08	<b>46.72</b>	<b>41.08</b>
Interest payable on fixed deposit	-	-	-	-	6.06	3.53	<b>6.06</b>	<b>3.53</b>
Subordinated debt	-	-	-	-	1.10	1.10	<b>1.10</b>	<b>1.10</b>
- Shriram Capital Limited	339.94	268.03	-	-	-	-	<b>339.94</b>	<b>268.03</b>
Interest payable on subordinated debt	-	-	-	-	0.48	0.32	<b>0.48</b>	<b>0.32</b>
- Shriram Capital Limited	65.57	25.24	-	-	-	-	<b>65.57</b>	<b>25.24</b>

Ω Denotes payments

μ Denotes receipts

\$ As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Key management personnel are not included above.

'@ Denotes expenses including service tax

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**(Rs. in lacs)**

<b>30</b>	<b>Contingent liabilities not provided for</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
a.	In respect of Income tax demands where the Group has filed appeal before CIT(Appeals)	14,285.88	17,494.75
b.	VAT demand where the Group has filed appeal before Tribunal	8,019.55	4,944.18
c.	Service tax liability pertaining to HP/Lease	12,833.93	12,833.93
d.	Guarantees and Counter Guarantees	153,509.05	120,098.42

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Group is of the opinion that above demands are not sustainable and expects to succeed in its appeals. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

The Company has received show cause notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct assignments for the period 2008-09 to 2014-15, the same are contested by the Company. Shriram Automall India Limited, (wholly owned subsidiary) has received show cause notice demanding service tax due to the difference in the availment of Cenvat Credit. The notice was given based on the audit conducted by the Department for the period 2010-11 and 2011-12 and the same is contested by the Company.

**(Rs. in lacs)**

	<b>Disputed income tax demand are on account of</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
a.	Transfer to statutory reserve and securitisation and royalty	2,096.21	5,594.44
b.	Disallowance of ESOP expenses, 14A, derivatives etc.	1,146.38	1,095.53
c.	Interest as per assessment orders, etc	11,043.29	10,804.78
	<b>Total</b>	<b>14,285.88</b>	<b>17,494.75</b>

**(Rs. in lacs)**

	<b>Commitments not provided for</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
a.	Estimated amount of contracts remaining to be executed on capital account	424.36	543.03
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	809.83	809.83
c.	Commitments related to loans sanctioned but undrawn	1,056.07	847.46

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**31 Disclosures relating to Securitisation**

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	No of SPVs sponsored by the NBFC for securitisation transactions* (in No. )	35	44
2	Total amount of securitised assets as per books of the SPVs sponsored	964,926.71	916,559.38
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
(a)	Off-Balance Sheet exposures		
	First loss	-	282.25
	Others	-	-
(b)	On-Balance Sheet exposures		
	First loss	93,086.83	97,512.02
	Others	47,721.45	44,761.53
4	Amount of exposures to securitisation transactions other than MRR		
(a)	Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	76,122.94	100,438.85
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
(b)	On-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	376.37
	Others	30,969.18	17,208.72
	(ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

**31 Disclosures relating to Securitisation**

The information on direct assignement of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	No. of transactions assigned by the Company	25	16
2	Total amount outstanding	166,539.92	116,735.73
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	-	-
	Others	18,474.48	12,716.68
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	407.00	1,359.00
	Loss	271.00	3,083.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On - Balance Sheet Exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

**31 Disclosures relating to Securitisation**

The information on direct assignement of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	No. of transactions assigned by the Company	-	-
2	Total amount outstanding	-	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
(a)	Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
(b)	On-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to assigned transaction other than MRR		
(a)	Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
(b)	On - Balance Sheet Exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

32	Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:		
	<b>(Rs. in lacs)</b>		
	<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
	The principal amount remaining unpaid to supplier as at the end of the year	-	-
	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-	

33	In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of Rs. Nil (March 31, 2015: Rs. 60.61 lacs) [including out of pocket expenses of Rs. Nil (March 31, 2015: Rs. 1.06 lacs)] have been amortised as per note 13 and shown under other assets.
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34	<b>Expenditure in foreign currency (accrual basis)</b> <span style="float: right;"><b>(Rs. in lacs)</b></span>		
	<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
	Computer software	14.24	-
	Computer charges	-	1.94
	Resource mobilisation	27.18	-
	Membership fees	0.10	0.16
	Advertisement	20.20	-
	<b>Total</b>	<b>61.72</b>	<b>2.10</b>

35	<b>Details of CSR expenses</b> <span style="float: right;"><b>(Rs. in lacs)</b></span>		
	<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
	a) <b>Gross amount required to be spent by the Group during the year</b>	3,815.19	4,059.92
	b) <b>Amount spent during the year</b>		
	- On purposes other than construction/acquisition of any asset		
	Paid in cash	1,863.73	691.82
	Yet to be paid in cash	-	-
	<b>Total</b>	<b>1,863.73</b>	<b>691.82</b>

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2016**

<b>36</b>	<b>Details of Net Assets taken over and transfer to Capital reserve is as under:</b> <p>Pursuant to the scheme of amalgamation ('the Scheme') of erstwhile Shriram Equipment Finance Company Limited (SEFCL) with the Company under Sections 391 to 394 of the Companies Act, 1956 sanctioned by Hon'ble High Court of Madras on March 31, 2016 entire business and all assets and liabilities of Shriram Equipment Finance Company Limited were transferred and vested in the Company effective from April 01, 2015. Accordingly the Scheme has been given effect to in these financial statements.</p> <p>SEFCL was non banking finance Company 'NBFC' engaged in business of equipment financing.</p> <p>The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) amendment Rules, 2014. Accordingly, the accounting treatment has been given as under:-</p> <p>(i) The assets and liabilities as at April 01, 2015 were incorporated in the financial statement of the Company at its book value</p> <p>(ii) Debit balance in the Statement of Profit and Loss of SEFCL as at April 01, 2015 amounting to Rs. 3,503.89 lacs was adjusted in "Surplus in Statement of Profit and Loss".</p> <p>(iii) Credit balance in the Statutory Reserve pursuant to section 45- IC of the RBI Act, 1934 of SEFCL as at April 01, 2015 amounting to Rs. 4,655.65 lacs was adjusted in "Statutory Reserve pursuant to section 45- IC of the RBI Act, 1934".</p> <p>(iv) SEFCL been wholly owned subsidiary, the entire share capital i.e. 1,00,00,000 Equity Shares of Rs.10 each fully paid &amp; 2,50,00,000 0.01% Preference Share of Rs. 100 each in Shriram Equipment Finance Company Limited, held as investment by the Company stands cancelled.</p>
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**37 Previous year comparatives**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year's presentation.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E/  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 29, 2016

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

(Rs. in lacs)

Name of the entity in the Group	Net Asset, i.e, total assets minus total liabilities		Shares in profit or loss	
	As % of consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
1	2	3	4	5
<b>Parent</b>				
Shriram Transport Finance Company Limited	99.79%	1,015,411.46	99.54%	117,819.76
<b>Subsidiaries</b>				
<b>Indian</b>				
Shriram Automall (India) Limited	0.50%	5,136.90	0.46%	542.07
<b>Foreign</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Minority interests in all subsidiaries, associates (Investment as per the equity method)</b>				
<b>Indian</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Foreign</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Inter-company adjustment</b>	-0.29%	(3,000.00)	-	-
<b>TOTAL</b>	100.00%	1,017,548.36	100.00%	118,361.83

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
12<sup>th</sup> Floor, The Ruby  
29, Senapati Bapat Marg  
Dadar (West), Mumbai – 400 028

G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Pune - 411038

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Shriram Transport Finance Company Limited

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Shriram Transport Finance Company Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated financial statements’).

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and

the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2015, their consolidated profit, and their consolidated cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 30 to the consolidated financial statements;
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

## **Other Matter**

- (a) The accompanying consolidated financial statements include total assets of Rs 311,768 lacs after elimination of inter group transaction balance as at March 31, 2015, and total revenues and net cash inflows of Rs 54,756 lacs and Rs 14,804 lacs after elimination of inter group transaction for the year ended on that date, in respect of Shriram Equipment Finance Company Limited and Shriram Automall India Limited, subsidiaries which have been audited by S.R. Batliboi & Co. LLP, Chartered Accountants and G. D. Apte & Co., Chartered Accountants, respectively, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102

**Ameya Tambekar**  
**Partner**  
Membership No: 128355

Place: Mumbai  
Date: April 30, 2015

Place: Mumbai  
Date: April 30, 2015

**Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date**

The Group, comprising Shriram Transport Finance Company Limited (‘Holding Company’) and its subsidiaries to whom the provisions of the Order apply

- (i)(a) The Holding Company and the Subsidiary Companies have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) Fixed assets have been physically verified by the management of the Holding Company and the Subsidiary Companies during the year and no material discrepancies were noticed on such verification.
- (ii)(a) The business of the Holding Company and the Subsidiary Companies does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Holding Company and the Subsidiary Companies and hence not commented upon.
- (iii)(a) According to the information and explanations given to us and as reported by the other auditors who audited the financial statements of the Subsidiaries, the Holding Company and the Subsidiary Companies have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and its subsidiary and hence not commented upon .
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements of the Subsidiaries there is an adequate internal control system commensurate with the size of the Holding Company and the Subsidiary Companies and the nature of their businesses, for the purchase of fixed assets and for rendering of services. The activities of the Holding Company and as reported by the other auditors who audited the financial statements / financial information of the aforesaid subsidiaries the activities of the Subsidiaries do not involve purchase of inventory and the sale of goods. During the course of our audit and as reported by the other auditors who audited the financial statements of the Subsidiaries, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company and the Subsidiary Companies in respect of these areas.
- (v) In respect of deposits accepted by holding Company, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management of holding Company that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. As reported by the other auditors who audited the financial statements / financial information of the aforesaid subsidiaries, the Subsidiary Companies have not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements of the Subsidiaries, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Holding Company and the Subsidiary Company.

- (vii)(a) The Holding Company and as reported by the other auditors who audited the financial statements / financial information of the aforesaid subsidiaries, the subsidiaries are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, professional tax, service tax, value added tax, value added tax, cess and other material statutory dues as applicable to the respective covered entities. The provisions relating to customs duty and excise duty are not applicable to the Holding Company and the Subsidiary Companies.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, professional tax, service tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Holding Company and the Subsidiary Companies. The provisions relating to customs duty and excise duty are not applicable to the Holding Company and the Subsidiary Companies.
- (vii)(c) According to the records of the Holding Company and as reported by the other auditors who audited the financial statements / financial information of the aforesaid subsidiaries, the dues outstanding of income-tax, value added tax and service tax on account of any dispute, are as follows:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (Rs. In lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax demands	11,813.15	A.Y. 2012-13	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	37.76#	A.Y. 2012-13	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	4,795.47	A.Y. 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	0.70#	A.Y. 2011-12	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	7,570.02	A.Y. 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	7,828.28	A.Y. 2009-10	Madras High Court
Income Tax Act, 1961	Income Tax demands	2,067.74	A.Y. 2008-09	Madras High Court
Income Tax Act, 1961	Income Tax demands	158.99	A.Y. 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	1,815.03	A.Y. 2007-08	Madras High Court
Income Tax Act, 1961	Income Tax demands	851.59	A.Y. 2006-07	Madras High Court

Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease transactions	21,230.18	A.Y. 2003-04 to A.Y. 2009-10	CESTAT (Custom, Excise and Service tax appellate tribunal)
Finance Act, 1994 (Service tax)	Service tax demands	300*	A.Y. 2003-04 to A.Y. 2004-05	Commissioner of Central Excise and Customs
Maharashtra Value Added Tax	Value added tax	1,843	A.Y. 2006-07	Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value added tax	0.15*	A.Y. 2006-07	Maharashtra Sales Tax Tribunal
Tamil Nadu VAT Act, 2006	Value added tax	2,234.55*	A.Y. 2006-07 to A.Y. 2013-2014	Appellate Deputy Commissioner (Commercial Tax)
Andhra Pradesh Value Added Tax	Value added tax	348.41*	A.Y. 2005-06 to A.Y. 2008-09	Andhra Pradesh High court
Rajasthan Value Added Tax	Value added tax	193.33*	A.Y. 2006-07 to A.Y. 2013-14	Deputy Commissioner (Appeals Rajasthan)
Orissa Value Added Tax	Value added tax	9.04*	A.Y. 2008-09 to A.Y. 2012-13	Assistant Commissioner of Commercial tax (Appeals)

\*net of amount paid under protest

#Amount pertaining to subsidiaries

- (vii)(d) According to the information and explanations given to us the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time to the extent applicable to the covered entities. As reported by the other auditors who audited the financial statements / financial information of the aforesaid subsidiaries , there are no amounts that need to be transferred to investor education and protection fund
- (viii) In respect of holding Company and one of the subsidiary Company, have no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year. In respect of subsidiary Company of Shriram Equipment Finance Company Limited, as reported by the other auditor who audited the financial statement, accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has incurred cash losses in the current financial year. However subsidiary Company has not incurred cash losses in the immediately preceding financial year

- (ix) Based on our audit procedures and as per the information and explanations given by the management and as reported by the other auditor who audited the financial statements of the Subsidiaries, we are of the opinion that the Holding Company and the Subsidiary Companies have not defaulted in their repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us and as reported by the other auditor who audited the financial statements of the Subsidiaries, the Holding Company and the Subsidiary Companies has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management and the report other auditors who audited the financial statements of the subsidiaries, term loans were applied for the purpose for which the loans were obtained by the Holding Company and the subsidiaries. As reported by the other auditors who audited the financial statements of the aforesaid subsidiaries, one of the Subsidiary Company have not raised any term loan during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements of the subsidiaries, which we have relied upon, we report that no fraud on or by subsidiaries have been noticed or reported during the year, except in Holding Company, few borrowers of the holding Company have defrauded the company by forging documents after borrowing and consequently such loans amounting to Rs. 44.43 lacs have become doubtful of recovery and the same have been fully provided for by the holding Company. The Holding company has also taken necessary action against the said borrowers.

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
**ICAI Firm registration number: 301003E**

**For G. D. Apte & Co.**  
Chartered Accountants  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102

Place: Mumbai  
Date: April 30, 2015

**Ameya Tambekar**  
**Partner**  
Membership No: 128355

Place: Mumbai  
Date: April 30, 2015

**Shriram Transport Finance Company Limited**  
**Consolidated Balance Sheet as at March 31, 2015**

(Rs. in lacs)

Particulars	Note No	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,690.67	22,690.67
(b) Reserves and surplus	4	903,891.11	828,327.04
		<b>926,581.78</b>	<b>851,017.71</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	3,285,558.30	2,396,208.30
(b) Other long- term liabilities	6	97,162.18	96,981.84
(c) Long- term provisions	7	187,198.41	130,300.64
		<b>3,569,918.89</b>	<b>2,623,490.78</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	295,262.91	339,377.91
(b) Trade payables		122,834.24	55,295.28
(c) Other current liabilities	6	1,260,072.34	1,333,885.31
(d) Short-term provisions	7	40,691.28	30,160.07
		<b>1,718,860.77</b>	<b>1,758,718.57</b>
<b>Total</b>		<b>6,215,361.44</b>	<b>5,233,227.06</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		15,276.44	15,266.57
(ii) Intangible assets		149.29	216.52
(b) Non-current investments	10	82,426.49	39,979.99
(c) Deferred tax assets (net)	11	25,778.33	25,555.80
(d) Long- term loans and advances	12	3,248,125.45	2,377,092.96
(e) Other non-current assets	13	9,310.56	9,442.50
		<b>3,381,066.56</b>	<b>2,467,554.34</b>
<b>(2) Current assets</b>			
(a) Current investments	14	221,292.13	203,546.33
(b) Trade receivables	15	298.86	190.67
(c) Cash and bank balances	16	476,117.88	711,843.68
(d) Short-term loans and advances	12	2,130,329.48	1,842,090.97
(e) Other current assets	13	6,256.53	8,001.07
		<b>2,834,294.88</b>	<b>2,765,672.72</b>
<b>Total</b>		<b>6,215,361.44</b>	<b>5,233,227.06</b>

**Shriram Transport Finance Company Limited**  
**Consolidated Balance Sheet as at March 31, 2015**

Significant accounting policies 2.1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**      **Umesh Revankar**  
Chairman                      Managing Director  
DIN: 02808698              DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**                      **Vivek M. Achwal**  
Chief Financial Officer              Company Secretary

**Shriram Transport Finance Company Limited**  
**Statement of Consolidated Profit and Loss for the year ended March 31, 2015**

(Rs. in lacs)

Particulars	Note No	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Income</b>			
Revenue from operations	17	917,699.82	847,587.37
Other income	18	261.85	431.32
<b>Total</b>		<b>917,961.67</b>	<b>848,018.69</b>
<b>Expenditure</b>			
Employee benefit expenses	19	50,403.91	47,159.80
Finance cost	20	467,464.51	420,220.91
Depreciation and amortisation	9	4,315.49	3,278.41
Other expenses	21	69,599.82	58,992.39
Provisions and write offs	22	161,222.39	121,320.86
<b>Total</b>		<b>753,006.12</b>	<b>650,972.37</b>
<b>Profit before taxation</b>		<b>164,955.55</b>	<b>197,046.32</b>
<b>Provision for taxation</b>			
Current tax / MAT		62,280.81	58,095.87
Deferred tax		(169.71)	3,156.72
<b>Total tax expense / (income)</b>		<b>62,111.10</b>	<b>61,252.59</b>
<b>Profit after tax from operations</b>		<b>102,844.45</b>	<b>135,793.73</b>
Share of Profit of Associate		-	-
<b>Net profit after taxes and share of profit of associate</b>		<b>102,844.45</b>	<b>135,793.73</b>
<b>Earnings per share</b>	23		
Basic (Rs.)		45.33	59.85
Diluted (Rs.)		45.33	59.85
Nominal value of equity share (Rs.)		<b>10.00</b>	<b>10.00</b>

Significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2015**

(Rs. in lacs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. Cash flow from operating activities</b>		
Profit before taxes	164,955.55	197,046.32
Depreciation and amortisation	4,315.49	3,278.41
Loss / (profit) on sale of fixed assets (net)	38.74	(306.92)
Provision for diminution in value of investments	-	16.81
Employees stock option compensation cost	55.33	11.14
Premium on Government Securities	19.74	10.49
Amortisation of Discount on Government Securities	(165.69)	(91.77)
Amortisation of issue expenses for equity shares	168.85	152.78
Amortisation of public issue expenses for non-convertible debentures	1,761.70	1,467.06
Provisions for non performing assets and bad debt written off	158,456.12	119,944.56
Provisions for standard assets	2,766.27	1,359.49
Provision for gratuity	(17.39)	(1,873.03)
Provision for leave encashment	123.06	211.10
<b>Operating profit before working capital changes</b>	<b>332,477.77</b>	<b>321,226.44</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	67,538.96	(22,440.01)
Increase / (decrease) in provisions	(5,437.65)	(19,302.54)
Increase / (decrease) in provision for service tax- contested	-	15.81
Increase / (decrease) in other liabilities	(34,802.43)	(127,092.83)
Decrease / (increase) in trade receivables	(108.20)	(190.17)
(Increase) / decrease in investments	(60,048.58)	84,561.29
Decrease / (increase) in loans and advances	(1,256,453.78)	(596,215.89)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	53,175.48	15,450.82
Decrease / (increase) in other assets	1,846.63	273.41
<b>Cash generated from operations</b>	<b>(901,811.80)</b>	<b>(343,713.67)</b>
Direct taxes paid (net of refunds)	(59,277.72)	(61,760.78)
<b>Net cash flow used in operating activities (A)</b>	<b>(961,089.52)</b>	<b>(405,474.45)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed including intangible assets	(4,523.10)	(11,743.34)
Proceeds from sale of fixed assets	64.52	516.39
<b>Net cash used in investing activities (B)</b>	<b>(4,458.58)</b>	<b>(11,226.95)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	-	1.88
Securities premium on issue of equity capital	-	4.70
Amount received from institutional borrowing	2,393,115.61	1,953,898.05
Amount received from public issue of non-convertible debentures	197,484.71	123,589.04
Increase / (decrease) in retail borrowings	165,612.77	127,215.42
Amount redeemed for public issue of non-convertible debentures	(34,306.30)	(27,120.05)
Repayment of institutional borrowing	(1,915,501.98)	(1,655,581.83)
Public issue expenses for non-convertible debentures paid	(1,255.33)	(2,448.01)
Dividend paid	(18,150.62)	(15,881.04)
Tax on dividend	(3,356.86)	(2,698.99)
<b>Net cash from financing activities (C)</b>	<b>783,642.00</b>	<b>500,979.16</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(181,906.10)</b>	<b>84,277.76</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>534,511.16</b>	<b>450,233.40</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>352,605.06</b>	<b>534,511.16</b>

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2015**

(Rs. in lacs)

Components of cash and cash equivalents	As at March 31, 2015	As at March 31, 2014
<b>Cash and cash equivalents at the end of the year</b>		
i) Cash on hand	10,990.89	13,608.57
ii) Cheques on hand	7,576.72	4,197.25
iii) Call money (CBLO)	-	69,882.53
iv) Balances with scheduled banks in:		
Current accounts	166,700.86	185,452.85
Unpaid dividend accounts *	821.59	773.96
Deposits with original maturity of less than three months	166,515.00	260,596.00
<b>Total cash and cash equivalents (Note 16)</b>	<b>352,605.06</b>	<b>534,511.16</b>

Significant Accounting Policies (Note 2.1)

The accompanying notes are an integral part of the financial statements.

**Notes**

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) All figures in brackets indicate outflow.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- \*4) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**      **Umesh Revankar**  
Chairman                      Managing Director  
DIN: 02808698              DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**              **Vivek M. Achwal**  
Chief Financial Officer      Company Secretary

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

<b>1</b>	<b>Basis of preparation</b>
	<p>The consolidated financial statements relates to M/s. Shriram Transport Finance Company Limited (the Company), its subsidiary companies and associate (upto June 18, 2013). The Company, its subsidiary companies and associate (upto June 18, 2013) constitute the Group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for the change in accounting policies explained below. The complete financial statements have been prepared along with all disclosures.</p>
<b>2</b>	<b>Basis of consolidation</b>
	<p>(i) The financial statements of the subsidiary companies and the associate (upto June 18, 2013) used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2015 and are prepared based on the accounting policies consistent with those used by the Company.</p> <p>(ii) The financial statements of the Group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' and AS 23 – 'Accounting for Investments in Associates' in consolidated financial statements, notified under the provision of the Companies Act 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules 2014 and other generally accepted accounting principles in India.</p> <p>(iii) The consolidated financial statements have been prepared on the following basis :</p> <ol style="list-style-type: none"><li>1 The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.</li><li>2 The consolidated financial statements include the share of profit / loss of the associate company which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.</li><li>3 The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.</li><li>4 Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.</li></ol>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

(iv) The following subsidiary companies are considered in the consolidated financial statements:				
Sr. No.	Name of the subsidiary company	Country of incorporation	Share of ownership interest as at March 31, 2015	Share of ownership interest as at March 31, 2014
1	Shriram Equipment Finance Company Limited (SEFC) (w.e.f. December 15, 2009)	India	100%	100%
2	Shriram Automall India Limited (SAIL) (w.e.f. February 11, 2010)	India	100%	100%
As the amount involved in transactions with Shriram Insurance Broking Company Limited are not material, the financial effects have not been considered in the financial statements.				
<b>2.1</b>	<b>Significant accounting policies</b>			
<b>(a)</b>	<b>Change in accounting policy</b>			
	<b>(i) Depreciation on fixed assets</b>			
<p>Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.</p> <p><b>1. Useful lives/ depreciation rates</b></p> <p>Effective from April 01, 2014, the Group has provided depreciation on fixed assets based on useful lives as provided in Schedule II of the Companies Act, 2013 or as re-assessed by the Group. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.</p> <p>This change in accounting policy has resulted in additional charge of depreciation of Rs. 809.49 lacs for the year ended March 31, 2015 and has impacted the opening reserve to the extent of Rs. 111.14 lacs (net of deferred tax).</p> <p><b>2. Component accounting</b></p> <p>Further, on application of Schedule II to the Companies Act, 2013, the Group has changed the manner of depreciation for its fixed assets. Now, the Group identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset.</p> <p><b>3. Depreciation on assets costing less than Rs. 5,000/-</b></p> <p>Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Group has changed its accounting policy for depreciations of assets costing less than Rs. 5,000/-. As per the revised policy, the Group is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014.</p> <p>The change in accounting for depreciation of assets costing less than Rs. 5,000/- did not have any material impact on financial statements of the Group for the current year.</p>				

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

	<b>(ii)</b>	<b>Subvention income</b>	<p>During the year Shriram Equipment Finance Company Limited (wholly owned subsidiary) has changed its policy for recognising subvention income from upfront basis to amortisation over the tenure of the loan. On account of change in policy, the company has deferred subvention income Rs. 449.00 lacs to future periods.</p>																											
<b>(b)</b>		<b>Current/non-current classification of assets/liabilities</b>	<p>The Group has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current.</p>																											
<b>(c)</b>		<b>Use of estimates</b>	<p>The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.</p>																											
<b>(d)</b>		<b>Fixed assets, depreciation/amortisation and impairment</b>	<p><b>Tangible fixed assets</b></p> <p>Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.</p> <p><b>Depreciation on tangible fixed assets</b></p> <p>Depreciation on tangible fixed assets is provided on Straight Line basis ('SLM') using the rates arrived at based on the useful lives estimated by the management. The Group has used the following useful life to provide depreciation on its Fixed Assets:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 25%;">Useful Life as Prescribed by Schedule II of the Companies Act, 2013</th> <th style="width: 25%;">Useful Life Estimated by Group</th> </tr> </thead> <tbody> <tr> <td>Building</td> <td>60 years</td> <td>60 years</td> </tr> <tr> <td>Building - fence</td> <td>5 years</td> <td>5 years</td> </tr> <tr> <td>Carpeted road</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Plant &amp; machinery</td> <td>15 years</td> <td>15 years</td> </tr> <tr> <td>Electrical equipment</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Generator</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Furniture &amp; fixture</td> <td>10 years</td> <td>10 years</td> </tr> <tr> <td>Air conditioner</td> <td>5 years</td> <td>5 years</td> </tr> </tbody> </table>	Particulars	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Useful Life Estimated by Group	Building	60 years	60 years	Building - fence	5 years	5 years	Carpeted road	10 years	10 years	Plant & machinery	15 years	15 years	Electrical equipment	10 years	10 years	Generator	10 years	10 years	Furniture & fixture	10 years	10 years	Air conditioner	5 years	5 years
Particulars	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Useful Life Estimated by Group																												
Building	60 years	60 years																												
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Air conditioner	5 years	5 years																												

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

<b>Particulars</b>	<b>Useful Life as Prescribed by Schedule II of the Companies Act, 2013</b>	<b>Useful Life Estimated by Group</b>
Electronic equipment	5 years	5 years
Office equipment	5 years	5 years
Refrigerator	5 years	5 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

<b>Particulars</b>	<b>Rates (SLM)</b>
Computer software	33.33%
Trade Marks	10.00%

Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

**Impairment of assets**

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in statement of profit and loss, unless the same is carried at revalued amount and treated as revaluation reserve.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

<b>(e)</b>	<b>Investments</b>
	<p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p> <p>An investment in buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Group, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.</p>
<b>(f)</b>	<b>Provisioning / Write-off of assets</b>
	<p>Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Delinquencies on assets securitised/assigned are provided for based on management estimates of the historical data.</p> <p>Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.</p>
<b>(g)</b>	<b>Loans</b>
	<p>Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the balance sheet date as reduced by the amounts received and loans securitised.</p>
<b>(h)</b>	<b>Leases</b>
	<p><b>Where the Company is the lessor</b></p> <p>Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.</p> <p><b>Where the Company is the lessee</b></p> <p>Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.</p>
<b>(i)</b>	<b>Foreign currency translation</b>
	<p><b>Initial recognition</b></p> <p>Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.</p> <p><b>Conversion</b></p> <p>Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of the balance sheet.</p> <p><b>Exchange differences</b></p> <p>All exchange differences are dealt with including differences arising on translation settlement of monetary items in the statement of profit and loss.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

	<p><b>Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability</b></p> <p>The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.</p>
<b>(j)</b>	<p><b>Revenue recognition</b></p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.</p> <ol style="list-style-type: none"> <li>i. Income from financing activities is recognised on the basis of internal rate of return on time proportion basis. All other charges relating to financing activities are recognized on accrual basis.</li> <li>ii. Subvention income is recognised as income over the tenor of the loan agreements. For the agreements foreclosed/transferred through assignment, balance of subvention income is recognised as income at the time of such foreclosure/transfer through assignment.</li> <li>iii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.</li> <li>iv. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.</li> <li>v. Income apportioned on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' / agreements. Loss/expenditure, if any, in respect of securitisation /direct assignment is recognised upfront. Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment. Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.</li> <li>vi. Interest income on fixed deposits/margin money, call money (Collateralised borrowing and lending obligation), certificate of deposits, pass through certificates, subordinated debts, government securities, inter corporate deposits and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.</li> <li>vii. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.</li> <li>viii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.</li> <li>ix. Income from services is recognised as per the terms of the contract on accrual basis.</li> <li>x. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.</li> <li>xi. Income from services (for eg. facilitation fees) is recognized as per the terms of contracts on accrual basis.</li> <li>xii. Pre-mature dealer payment discount is recognized as per the terms of the agreement.</li> </ol>
<b>(k)</b>	<p><b>Retirement and other employee benefits</b></p> <p><b>Provident fund</b></p> <p>All the employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The group has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the period in which service is received.</p>

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

	<p><b>Gratuity</b></p> <p>The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet Date using the Projected Unit Credit Method. The Group fully contributes all ascertained liabilities to The Trustees- Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies. The group recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of profit and loss in the period in which they arise.</p> <p><b>Leave encashment</b></p> <p>Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.</p> <p>The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.</p> <p>The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.</p>
<b>(l)</b>	<p><b>Income tax</b></p> <p>Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.</p> <p>The un-recognised deferred tax assets are re-assessed by the Group at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p>
	<p>The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

	<p>Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period i.e the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the guidance note on accounting for credit available in respect of MAT under the Income tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.</p>
<b>(m)</b>	<b>Segment reporting policies</b>
	<p><b>Identification of segments:</b> The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.</p> <p><b>Unallocated items:</b> Unallocated items include income and expenses which are not allocated to any reportable business segment.</p> <p><b>Segment policies :</b> The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.</p>
<b>(n)</b>	<b>Earnings per share</b>
	<p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.</p>
<b>(o)</b>	<b>Provisions</b>
	<p>A provision is recognised when the Group has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.</p>
<b>(p)</b>	<b>Cash and cash equivalents</b>
	<p>Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.</p>
<b>(q)</b>	<b>Equity shares and debentures issue expenses</b>
	<p>Expenses incurred on issue of equity shares are charged to statement of profit and loss on a straight line basis over a period of 10 years.</p> <p>Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.</p> <p>Expenses incurred for private placement of debentures, are charged to statement of profit and loss in the year in which they are incurred.</p>
<b>(r)</b>	<b>Borrowing costs</b>
	<p>Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of profit and loss in the year in which they are incurred.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

<b>(s)</b>	<b>Employee stock compensation costs</b>
	In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.
<b>(t)</b>	<b>Contingent liabilities</b>
	A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

Note 3- Share capital	As at March 31, 2015	As at March 31, 2014
<b>Authorised</b>		
397,000,000 (March 31, 2014: 397,000,000) Equity Shares of Rs.10/- each	39,700.00	39,700.00
20,000,000 (March 31, 2014: 20,000,000) Preference Shares of Rs.100/- each	20,000.00	20,000.00
	<b>59,700.00</b>	<b>59,700.00</b>
<b>Issued and subscribed share capital</b>		
226,936,877(March 31, 2014: 226,936,877) equity shares of Rs. 10/- each	22,693.69	22,693.69
<b>Paid up (Fully paid up)</b>		
Equity Shares		
226,882,736 (March 31, 2014: 226,882,736) equity shares of Rs. 10/- each	22,688.27	22,688.27
	<b>22,688.27</b>	<b>22,688.27</b>
48,000 equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,690.67</b>	<b>22,690.67</b>

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.	As at March 31, 2015		As at March 31, 2014	
	Numbers of shares	Rs. in lacs	Numbers of shares	Rs. in lacs
Shares outstanding at the beginning of the year	226,882,736	22,688.27	226,863,936	22,686.39
Issued during the year - Employee stock option scheme	-	-	18,800	1.88
<b>Shares outstanding at the end of the year</b>	<b>226,882,736</b>	<b>22,688.27</b>	<b>226,882,736</b>	<b>22,688.27</b>

**b. Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2015, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 10.00 ( March 31, 2014 : Rs. 7.00). Out of the total dividend declared during the year ended March 31, 2015, amount of interim dividend paid was Rs. 4.00 per equity share ( March 31, 2014: Rs. 3.00) and amount of final dividend proposed was Rs. 6.00 per equity share ( March 31, 2014: Rs. 4.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2015****c. Shares reserved for issue under options**

During the year ended March 31, 2015 Nil (March 31, 2014: 18,800) equity shares were vested and exercised.

**d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The Company has issued total 1,364,918 equity shares (March 31, 2014 : 3,712,568) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited.

**e. Details of shareholders holding more than 5% equity shares in the Company**

Details of shareholding	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
<b>Equity shares of Rs. 10/- each</b>				
Shriram Capital Limited	59,103,162	26.05%	59,103,162	26.05%
PHL Capital Private Limited	22,600,000	9.96%	22,600,000	9.96%
Genesis Indian Investment Company Limited	-	-	13,648,064	6.02%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

<b>Note 4- Reserves and surplus</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Capital reserve</b>	2,761.83	2,761.83
<b>Capital redemption reserve</b>	5,388.35	5,388.35
<b>Securities premium account</b>		
Balance as per last account	175,481.06	175,442.36
Add: Addition on ESOPs exercised	-	4.70
Add: Transferred from stock options outstanding	-	34.00
<b>Closing balance</b>	<b>175,481.06</b>	<b>175,481.06</b>
<b>Debenture redemption reserve</b>		
Balance as per last account	41,335.44	30,180.03
Add: Transfer from surplus balance in the statement of profit and loss	31,389.47	19,370.76
Less: Transfer to statement of profit and loss on account of redemption	(9,933.65)	(8,215.35)
<b>Closing balance</b>	<b>62,791.26</b>	<b>41,335.44</b>
<b>Stock option outstanding</b>		
Employee stock option outstanding	114.75	114.75
Less : Deferred employee compensation outstanding	(49.19)	(104.51)
<b>Closing balance</b>	<b>65.56</b>	<b>10.24</b>
<b>Other reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	159,855.44	132,055.44
Add: Transfer from surplus balance in the statement of profit and loss	25,000.00	27,800.00
<b>Closing balance</b>	<b>184,855.44</b>	<b>159,855.44</b>
<b>General reserve</b>		
Balance as per last account	78,153.63	65,153.63
Add: Transfer from surplus balance in the statement of profit and loss	12,500.00	13,000.00
<b>Closing balance</b>	<b>90,653.63</b>	<b>78,153.63</b>
<b>Surplus in statement of Profit and Loss</b>		
Balance as per last account	365,341.05	300,083.21
Depreciation charged off from retained profit as per Schedule II to The Companies Act, 2013	(163.95)	-
Deferred Tax expenses on above	52.81	-
Add: Profit for the current year	102,844.45	135,793.73
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(25,000.00)	(27,800.00)
Transfer to general reserve	(12,500.00)	(13,000.00)
Transfer to/from debenture redemption reserve	(21,455.82)	(11,155.41)
Interim dividend [amount per share Rs. 4.00 (March 31, 2014: Rs. 3.00)]	(9,075.31)	(6,806.48)
Tax on interim dividend	(1,814.51)	(1,156.34)
Proposed final dividend [amount per share Rs. 6.00 (March 31, 2014: Rs. 4.00)]	(13,612.96)	(9,075.31)
Tax on proposed dividend	(2,721.78)	(1,542.35)
<b>Total appropriations</b>	<b>(86,180.38)</b>	<b>(70,535.89)</b>
<b>Net surplus in statement of profit and loss</b>	<b>381,893.98</b>	<b>365,341.05</b>
<b>Total</b>	<b>903,891.11</b>	<b>828,327.04</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**(Rs. in lacs)**

Note 5- Long-term borrowings	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities*	Non-current portion	Current maturities*
Subordinated debts (Unsecured)	351,304.46	66,100.82	411,673.31	50,441.72
<b>Redeemable non-convertible debentures</b>				
Secured	1,419,090.97	399,865.01	894,320.18	458,195.39
Less: Unamortised discount	(27.92)	(117.73)	(145.65)	(1,194.02)
	1,419,063.05	399,747.28	894,174.53	457,001.37
Unsecured	-	2,150.00	2,150.00	79,580.00
Less: Unamortised discount	-	-	-	(110.08)
	-	2,150.00	2,150.00	79,469.92
<b>Term loans from banks</b>				
Unsecured	10,000.00	10,000.00	10,000.00	-
Secured	965,952.38	506,868.17	820,077.97	463,713.06
Fixed deposits (Unsecured) #	470,043.50	65,925.29	192,403.35	38,010.66
<b>Term loans from financial institutions / corporates</b>				
Secured	68,900.00	37,800.00	65,700.00	38,800.00
<b>Loans and advances from related parties</b>				
Subordinated debts (Unsecured)				
from Relative of Key Management Personnel	1.10	-	1.10	-
from Enterprises having significant influence over the Company	239.94	28.09	-	-
Redeemable non-convertible debentures (Secured)				
from Key Management Personnel	3.00	1.38	4.38	-
from Relative of Key Management Personnel	11.89	2.58	14.47	23.08
from Enterprises having significant influence over the Company	5.00	-	-	-
Fixed deposits (Unsecured)				
from Relative of Key Management Personnel	33.98	7.10	9.19	1.10
<b>Total</b>	<b>3,285,558.30</b>	<b>1,088,630.71</b>	<b>2,396,208.30</b>	<b>1,127,460.91</b>

\* Amount disclosed under the Note 6 Other current liabilities

# Includes deposits from corporates Rs. 7,497.61 lacs (March 31, 2014 Rs. 3,452.55 lacs).

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**A) Subordinated debt -unsecured**

**i) Privately placed subordinated debts of Rs. 100,000/- each**

Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	7,300.00	-	7,300.00
48-60 months	-	6,469.00	-	6,469.00
36-48 months	-	-	4,541.00	4,541.00
12-24 months	-	5,000.00	-	5,000.00
<b>Total</b>	-	<b>18,769.00</b>	<b>4,541.00</b>	<b>23,310.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>25,577.00</b>	-	<b>25,577.00</b>
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Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	13,769.00	-	13,769.00
48-60 months	-	-	4,541.00	4,541.00
24-36 months	-	5,000.00	-	5,000.00
12-24 months	-	25,577.00	-	25,577.00
<b>Total</b>	-	<b>44,346.00</b>	<b>4,541.00</b>	<b>48,887.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>15,000.00</b>	<b>5,500.00</b>	<b>20,500.00</b>
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**ii) Privately placed subordinated debts of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	115,710.00	5,000.00	120,710.00
48-60 months	-	7,000.00	-	7,000.00
36-48 months	2,500.00	25,630.00	6,670.00	34,800.00
24-36 months	-	25,500.00	-	25,500.00
12-24 months	-	5,000.00	2,500.00	7,500.00
<b>Total</b>	<b>2,500.00</b>	<b>178,840.00</b>	<b>14,170.00</b>	<b>195,510.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>35,000.00</b>	-	<b>35,000.00</b>
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**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**Terms of repayment as on March 31, 2014**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	116,710.00	5,000.00	121,710.00
48-60 months	2,500.00	25,630.00	6,670.00	34,800.00
36-48 months	-	25,500.00	-	25,500.00
24-36 months	-	5,000.00	2,500.00	7,500.00
12-24 months	-	35,000.00	-	35,000.00
<b>Total</b>	<b>2,500.00</b>	<b>207,840.00</b>	<b>14,170.00</b>	<b>224,510.00</b>

**Current maturity**

Outstanding as at March 31, 2014 : Rs. Nil.

**iii) Privately placed subordinated debts of Rs. 1,000/- each**

**Terms of repayment as on March 31, 2015**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	34,263.46	-	34,263.46
48-60 months	-	31,431.66	-	31,431.66
36-48 months	5.40	47,109.29	-	47,114.69
24-36 months	1,481.88	6,589.06	-	8,070.94
12-24 months	46.99	3,487.45	-	3,534.44
<b>Total</b>	<b>1,534.27</b>	<b>122,880.92</b>	<b>-</b>	<b>124,415.19</b>

**Current maturity**

<b>Upto 12 months</b>	-	5,551.41	0.50	5,551.91
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**Terms of repayment as on March 31, 2014**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	65,695.12	-	65,695.12
48-60 months	5.40	47,109.29	-	47,114.69
36-48 months	1,481.88	6,589.06	-	8,070.94
24-36 months	46.99	3,487.45	-	3,534.44
12-24 months	-	5,551.41	0.50	5,551.91
<b>Total</b>	<b>1,534.27</b>	<b>128,432.33</b>	<b>0.50</b>	<b>129,967.10</b>

**Current maturity**

<b>Upto 12 months</b>	-	8,038.37	21,903.35	29,941.72
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**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**iv) Public issue of subordinated debt of Rs. 1,000/- each (2010)-quoted**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on
Option -IV	10.40%	91.00	91.00	1-Jun-17
	10.81%	1,687.00	1,687.00	1-Mar-17
	11.25%	3,746.08	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17
<b>Total</b>		<b>8,310.31</b>	<b>8,310.31</b>	

**Current maturity**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

(Rs. in lacs)

Total subordinated debts	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	343,235.19	66,128.91	403,364.10	50,441.72
Public issue (iv)	8,310.31	-	8,310.31	-
<b>Total subordinated debts</b>	<b>351,545.50</b>	<b>66,128.91</b>	<b>411,674.41</b>	<b>50,441.72</b>
Less: issued to related parties	241.04	28.09	1.10	-
<b>Total</b>	<b>351,304.46</b>	<b>66,100.82</b>	<b>411,673.31</b>	<b>50,441.72</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

- B) Non-convertible debenture (NCD) -Secured**  
**i) Privately placed redeemable non-convertible debentures of Rs.**  
**1,000/- each**

**Terms of repayment as on March 31, 2015**

**Long term borrowing (Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
36-48 months	-	1,967.83	-	-	1,967.83
24-36 months	-	9,279.12	939.52	-	10,218.64
12-24 months	1.84	47,141.27	719.40	0.88	47,863.39
<b>Total</b>	<b>1.84</b>	<b>58,388.22</b>	<b>1,658.92</b>	<b>0.88</b>	<b>60,049.86</b>

**Current maturity**

<b>upto 12 months</b>	<b>2,576.83</b>	<b>136,882.22</b>	<b>-</b>	<b>792.60</b>	<b>140,251.65</b>
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**Terms of repayment as on March 31, 2014**

**Long term borrowing (Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
48-60 months	-	1,978.33	-	-	1,978.33
36-48 months	-	9,385.75	939.52	-	10,325.27
24-36 months	1.84	47,445.47	719.40	0.88	48,167.59
12-24 months	2,584.05	137,415.90	-	792.92	140,792.87
<b>Total</b>	<b>2,585.89</b>	<b>196,225.45</b>	<b>1,658.92</b>	<b>793.80</b>	<b>201,264.06</b>

**Current maturity**

<b>upto 12 months</b>	<b>8,736.18</b>	<b>100,014.14</b>	<b>6.40</b>	<b>311.80</b>	<b>109,068.52</b>
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**Nature of security**

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

\* Amount pertains to debentures issued prior to notification of the RBI Circular DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(ii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2015

Long term borrowing (gross of unamortised discount on debenture of Rs. 27.92 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% *^¥	>= 12% < 14%^	>= 14% < 16%	
Over 60 months	139,460.00	239,220.00	-	-	378,680.00
48-60 months	17,000.00	168,500.00	-	-	185,500.00
36-48 months^	16,400.00	27,400.00	-	-	43,800.00
24-36 months^	31,400.00	97,000.00	500.00	-	128,900.00
12-24 months*^¥	131,500.00	135,805.00	-	-	267,305.00
<b>Total</b>	<b>335,760.00</b>	<b>667,925.00</b>	<b>500.00</b>	<b>-</b>	<b>1,004,185.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 43,300.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 117.73 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% *^¥	>= 12% < 14%^	>= 14% < 16%	
upto 12 months^¥	54,500.00	75,100.00	-	-	129,600.00

^NCD amounting to Rs. 2,450.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	9.90%	20,000.00	20-Jul-15
2	10.95%	30,000.00	25-Sep-15
3	9.35%	20,000.00	22-Jun-15
<b>Total</b>		<b>70,000.00</b>	

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

Terms of repayment as on March 31, 2014

Long term borrowing (gross of unamortised discount on debenture of Rs. 145.65 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% <sup>^</sup>	>= 10% < 12% * <sup>^</sup> ₹	>= 12% < 14%	>= 14% < 16%	
Over 60 months	5,960.00	120,920.00	-	-	126,880.00
48-60 months	1,500.00	17,500.00	-	-	19,000.00
36-48 months <sup>^</sup>	3,800.00	76,000.00	-	-	79,800.00
24-36 months* <sup>^</sup> ₹	7,750.00	123,805.00	-	-	131,555.00
12-24 months <sup>^</sup>	6,600.00	43,800.00	-	-	50,400.00
<b>Total</b>	<b>25,610.00</b>	<b>382,025.00</b>	-	-	<b>407,635.00</b>

\* Includes 2 NCDs of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

<sup>^</sup>NCDs amounting to Rs. 4,700.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 1,194.02 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% <sup>^</sup>	>= 10% < 12% * <sup>^</sup> ₹	< 10% <sup>^</sup>	>= 14% < 16%	
upto 12 months* <sup>^</sup> ₹	67,110.00	246,365.00	-	-	313,475.00

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

<sup>^</sup>NCDs amounting to Rs. 22,350.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	625.00	13-Aug-14
2	10.00%	15,000.00	6-Aug-14
3	10.30%	20,000.00	20-Jul-14
4	9.35%	15,000.00	23-Jun-14
5	9.35%	5,000.00	23-Jun-14
6	9.75%	2,500.00	25-Apr-14
<b>Total</b>		<b>58,125.00</b>	

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**(iii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each**

**Terms of repayment as on March 31, 2015**

**Long term borrowing (gross of unamortised discount on debenture of Rs. Nil)**

**(Rs. in lacs)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
24-36 months*	-	1,200.00	-	-	1,200.00
<b>Total</b>	-	<b>1,200.00</b>	-	-	<b>1,200.00</b>

\*Partly paid to the extent of Rs. 100,000/-

**Current maturity**

<b>Upto 12 months*</b>	-	<b>1,000.00</b>	-	-	<b>1,000.00</b>
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\*Partly paid to the extent of Rs. 1,000,000/-

**Terms of repayment as on March 31, 2014**

**Long term borrowing( gross of unamortised discount on debenture of Rs. Nil.)**

Outstanding as at March 31, 2014 : Rs. Nil.

**Current maturity**

**(Rs. in lacs)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
<b>upto 12 months*</b>	-	<b>1,600.00</b>	-	-	<b>1,600.00</b>

\*Partly paid to the extent of Rs. 100,000/-

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**iv) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each -(2009)**

**Terms of repayment**

**Long term borrowing**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	11.00%	-	1,484.62	26-Aug-14	-
	11.25%	-	260.36	26-Aug-14	-
Option -II	11.25%	-	1,123.20	26-Aug-14	-
	11.50%	-	351.72	26-Aug-14	-
Option -III	11.03%	-	7,508.65	26-Aug-14	-
Option -IV	11.00%	-	999.10	26-Aug-14	-
<b>Total</b>		-	<b>11,727.65</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The funds raised from the public issue of 9,999,996 secured NCD aggregating to Rs. 99,999.96 lacs have been utilised, after meeting the expenditure of and related to the public issue, for various financing activities of the Company including lending, investments and repayment of borrowings.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the Company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 4,215.23 lacs on 12-March-2010 and Rs. 3,000.00 lacs on 27-March-2012, Rs. 23,505.26 lacs on 28-March-2012 and as per the terms of the issue Rs. 46,923.16 lacs and Rs. 6,439.79 lacs were redeemed on 26-August-2012 and 26-August-2013 respectively.

Put options were exercised for option III and IV on 26-August-2013 and Rs. 2,913.86 lacs and Rs. 1,275.02 lacs respectively were paid on 1-October-2013 in compliance with the terms of issue.

The Company has redeemed non-convertible debenture of Rs. 11,727.65 lacs on 26-August-2014 as per the terms of the issue.

**v) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2010)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	9.00%	-	1,424.68	1-Jun-15	-
	9.50%	-	3,918.55	1-Jun-15	-
	9.75%	-	1,160.60	1-Jun-15	-
	10.00%	-	231.60	1-Jun-15	-
Option -II	9.50%	-	897.03	1-Jun-17	2-Jun-15
	10.00%	-	832.20	1-Jun-17	2-Jun-15
	10.25%	-	3,802.59	1-Jun-17	2-Jun-15
	10.50%	-	722.54	1-Jun-17	2-Jun-15
Option -III	9.75%	-	808.45	1-Jun-15	-
	10.25%	-	785.68	1-Jun-15	-
	10.50%	-	1,756.76	1-Jun-15	-
	10.75%	-	385.28	1-Jun-15	-
<b>Total</b>		-	<b>16,725.96</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**Terms of repayment**

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	9.00%	1,424.68	-	1-Jun-15	-
	9.50%	3,918.31	-	1-Jun-15	-
	9.75%	1,160.23	-	1-Jun-15	-
	10.00%	210.37	-	1-Jun-15	-
Option -II	9.50%	897.03	-	1-Jun-17	2-Jun-15
	10.00%	785.25	-	1-Jun-17	2-Jun-15
	10.25%	3,799.51	-	1-Jun-17	2-Jun-15
	10.50%	672.17	-	1-Jun-17	2-Jun-15
Option -III	9.75%	807.77	-	1-Jun-15	-
	10.25%	782.70	-	1-Jun-15	-
	10.50%	1,779.74	-	1-Jun-15	-
	10.75%	359.56	-	1-Jun-15	-
	9.75%	-	1,616.90	1-Jun-14	-
	10.25%	-	1,571.36	1-Jun-14	-
	10.50%	-	3,513.52	1-Jun-14	-
	10.75%	-	770.56	1-Jun-14	-
<b>Total</b>		<b>16,597.32</b>	<b>7,472.34</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 1,000.00 lacs on 14-July-2011 and as per the terms of the issue Rs. 7,472.34 lacs were redeemed on 1-June-2013.

Put options were exercised for option I on 1-June-2013 and Rs. 9,109.04 lacs were paid on 05-July-2013 in compliance with the terms of issue.

The Company has bought back non-convertible Debentures of Rs. 128.64 lacs on 28-October-2014.

The Company has redeemed non-convertible debenture of Rs. 7,472.34 lacs on 1-June-2014 as per the terms of the issue.

**vi) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2011)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	11.60%	-	53,470.83	11-Jul-16	12-Jul-15
	11.35%	-	24,313.78	11-Jul-16	12-Jul-15
	11.10%	-	7,340.36	11-Jul-16	12-Jul-15
<b>Total</b>		<b>-</b>	<b>85,124.97</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**Terms of repayment**

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	11.60%	53,467.20	-	11-Jul-16	12-Jul-15
	11.35%	24,304.40	-	11-Jul-16	12-Jul-15
	11.10%	7,324.64	-	11-Jul-16	12-Jul-15
Option -II	11.35%	-	3,462.05	11-Jul-14	-
	11.10%	-	3,173.19	11-Jul-14	-
	11.00%	-	8,239.72	11-Jul-14	-
<b>Total</b>		<b>85,096.24</b>	<b>14,874.96</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of the Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back non-convertible debentures of Rs. 28.73 lacs on 28-October-2014 .

The Company has redeemed non-convertible debenture of Rs 14,874.96 lacs on 11-July-2014 as per the terms of the issue.

**vii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2012)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	11.15%	-	8,569.28	9-Aug-15	-
	10.25%	-	14,894.88	9-Aug-15	-
Series -II	11.40%	13,349.04	13,423.10	9-Aug-17	-
	10.50%	12,845.22	12,788.11	9-Aug-17	-
Series -III	11.15%	-	3,725.06	9-Aug-15	-
	10.25%	-	161.04	9-Aug-15	-
Series -IV	11.40%	6,251.50	6,315.11	9-Aug-17	-
	10.50%	175.63	123.42	9-Aug-17	-
<b>Total</b>		<b>32,621.39</b>	<b>60,000.00</b>		

**Current maturity**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	11.15%	8,572.90	-	9-Aug-15	-
	10.25%	14,871.99	-	9-Aug-15	-
Series -III	11.15%	3,731.19	-	9-Aug-15	-
	10.25%	147.68	-	9-Aug-15	-
<b>Total</b>		<b>27,323.76</b>	-		

**Shriram Transport Finance Company Limited****Notes forming part of the Consolidated financial statements for the year ended March 31, 2015****Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non-convertible debentures of Rs. 54.85 lacs on 28-October-2014 .

**viii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-1****Terms of repayment****Long term borrowing****(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	10.90%	12,850.81	12,829.17	1-Aug-16	-
	9.65%	13,542.26	13,568.20	1-Aug-16	-
Series -II	11.15%	11,561.58	11,586.22	31-Jul-17	-
	9.80%	3,378.46	3,356.06	31-Jul-17	-
	11.15%	11,561.58	11,586.22	31-Jul-18	-
	9.80%	3,378.46	3,356.07	31-Jul-18	-
Series -III	10.63%	5,801.02	5,797.30	31-Jul-18	-
	9.40%	96.00	104.42	31-Jul-18	-
Series -IV	10.90%	6,044.39	6,075.57	1-Aug-16	-
	9.65%	72.64	43.60	1-Aug-16	-
Series -V	11.15%	2,631.70	2,637.50	31-Jul-17	-
	9.80%	9.66	5.61	31-Jul-17	-
	11.15%	2,631.70	2,637.50	31-Jul-18	-
	9.80%	9.64	5.60	31-Jul-18	-
<b>Total</b>		<b>73,569.90</b>	<b>73,589.04</b>		

**Current maturity**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 73,589.04 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non-convertible debentures of Rs. 19.14 lacs on 28-October-2014 .

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**ix) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2****Terms of repayment****Long term borrowing****(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	11.25%	7,745.00	7,762.63	24-Oct-16	-
	10.75%	19,390.84	19,373.21	24-Oct-16	-
Series -II	11.50%	3,167.15	3,164.51	24-Oct-18	-
	10.75%	7,486.37	7,489.01	24-Oct-18	-
Series -III	11.75%	4,710.54	4,734.26	24-Oct-20	-
	10.75%	3,047.01	3,023.29	24-Oct-20	-
Series -IV	11.25%	2,250.99	2,253.65	24-Oct-16	-
	10.75%	14.61	11.95	24-Oct-16	-
Series -V	11.50%	809.92	809.97	24-Oct-18	-
	10.75%	5.05	5.00	24-Oct-18	-
Series -VI	11.75%	1,348.34	1,370.42	24-Oct-20	-
	10.75%	24.18	2.10	24-Oct-20	-
<b>Total</b>		<b>50,000.00</b>	<b>50,000.00</b>		

**Current maturity**

Outstanding as at March 31, 2015 &amp; March 31, 2014: Rs. Nil.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 50,000.00 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**x) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series I	9.85%	111,578.53	-	15-Jul-17	-
	11.00%	6,571.96	-	15-Jul-17	-
	11.25%	7,742.19	-	15-Jul-17	-
Series II	10.00%	33,145.30	-	15-Jul-19	-
	11.25%	3,138.76	-	15-Jul-19	-
	11.50%	2,126.97	-	15-Jul-19	-
Series III	10.15%	5,588.00	-	15-Jul-21	-
	11.50%	5,327.02	-	15-Jul-21	-
	11.75%	2,691.85	-	15-Jul-21	-
Series IV	9.57%	51.76	-	15-Jul-19	-
	10.71%	1,427.85	-	15-Jul-19	-
	10.94%	1,304.03	-	15-Jul-19	-
Series V	9.71%	2.17	-	15-Jul-21	-
	10.94%	2,090.82	-	15-Jul-21	-
	11.17%	1,425.67	-	15-Jul-21	-
Series VI	9.85%	5,018.55	-	15-Jul-17	-
	11.00%	2,803.29	-	15-Jul-17	-
	11.25%	1,118.11	-	15-Jul-17	-
Series VII	10.00%	4.55	-	15-Jul-19	-
	11.25%	1,023.08	-	15-Jul-19	-
	11.50%	492.60	-	15-Jul-19	-
Series VIII	10.15%	33.17	-	15-Jul-21	-
	11.50%	1,893.46	-	15-Jul-21	-
	11.75%	885.02	-	15-Jul-21	-
<b>Total</b>		<b>197,484.71</b>	<b>-</b>		

**Current maturity**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

**Nature of Security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 197,484.71 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in lacs)

Total non-convertible debentures- secured	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	1,065,434.86	270,851.65	608,899.06	424,143.52
Public issue (iv+v+vi+vii+viii+ix+x)	353,676.00	129,017.32	285,439.97	34,074.95
<b>Total non-convertible debentures- secured</b>	<b>1,419,110.86</b>	<b>399,868.97</b>	<b>894,339.03</b>	<b>458,218.47</b>
Less: issued to related parties	19.89	3.96	18.85	23.08
<b>Total</b>	<b>1,419,090.97</b>	<b>399,865.01</b>	<b>894,320.18</b>	<b>458,195.39</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**C) Redeemable non-convertible debentures (NCD)- unsecured**  
**Privately placed unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2015

Long term borrowing

Outstanding as at March 31, 2015 : Rs. Nil.

Current maturity (gross of unamortised discount on debenture of Rs. Nil.)

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10% ^	>=10% <12%^	Total
upto 12 months^	-	2,150.00	2,150.00
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Terms of repayment as on March 31, 2014

Long term borrowing (gross of unamortised discount on debenture of Rs. Nil.)

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%	>=10% <12%^	Total
12-24 months^	-	2,150.00	2,150.00
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Current maturity (gross of unamortised discount on debenture of Rs. 110.08 lacs)

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%	>=10% <12%^	Total
Upto 12 months^¥	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>56,830.00</b>	<b>79,580.00</b>

^NCDs amounting to Rs. 23,170.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.07%	25,000.00	30-Apr-14
<b>Total</b>		<b>25,000.00</b>	

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**D) Term loans from bank- unsecured**

As at March 31, 2015

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	14.00%	Bullet	10,000.00	-
upto 12 months	10.00%	Bullet	-	10,000.00
<b>Total</b>			<b>10,000.00</b>	<b>10,000.00</b>

As at March 31, 2014

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
36-48 months	14.00%	Bullet	10,000.00	-
<b>Total</b>			<b>10,000.00</b>	<b>-</b>

**E) Term loans from banks –secured**

As at March 31, 2015

Terms of repayment

Long term borrowing

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion #	Current maturities #
48-60 months	10.35% to 10.75%	16 to 20 installments of quarterly frequency	207,061.63	49,812.50
36-48 months	10.10% to 11.75%	1 to 48 installments of monthly, quarterly and half-yearly frequency	331,103.92	98,625.00
24-36 months	10.25% to 11.75%	1 to 48 installments of monthly, quarterly, half-yearly, yearly and specific frequency	216,488.60	127,668.67
12-24 months	9.85% to 11.75%	1 to 60 installments of bullet, monthly, quarterly, half-yearly and specific frequency	211,298.23	147,614.29
upto 12 months (* refer security details)	9.00% to 12.25%	1 to 60 installments of monthly, quarterly, half-yearly and yearly frequency	-	83,147.71
<b>Total</b>			<b>965,952.38</b>	<b>506,868.17</b>

# Loans are classified in respective time buckets based on option date.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)	
Nature of security	As at March 31, 2015
a) * includes secured by hypothecation of vehicles for own use	0.44
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,472,820.11
<b>Total</b>	<b>1,472,820.55</b>

As at March 31, 2014

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)				
Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.25% to 11.75%	1 to 48 installments of monthly, quarterly and half-yearly frequency	133,988.69	34,500.00
36-48 months	10.25% to 11.75%	1 to 48 installments of monthly, quarterly, half-yearly and yearly frequency	322,582.86	121,668.67
24-36 months	10.00% to 11.75%	1 to 60 installments of bullet, monthly, quarterly, half-yearly and yearly frequency	280,099.49	150,130.96
12-24 months (* refer security details)	9.00% to 12.25%	1 to 60 installments of bullet, monthly, quarterly and half-yearly frequency	83,406.93	74,369.34
Upto 12 months	9.75% to 12.75%	1 to 48 installments of bullet, monthly and quarterly frequency	-	83,044.09
<b>Total</b>			<b>820,077.97</b>	<b>463,713.06</b>

(Rs. in lacs)	
Nature of security	As at March 31, 2014
a) * includes secured by hypothecation of vehicles for own use	2.91
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,283,788.12
<b>Total</b>	<b>1,283,791.03</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**F) Fixed deposits- unsecured -Refer Note 28**

Terms of repayment as on March 31, 2015

Long term borrowing

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	5,136.39	24,017.39	29,153.78
36-48 months	305.36	12,958.74	13,264.10
24-36 months	19,388.02	262,174.47	281,562.49
12-24 months	9,874.37	136,222.74	146,097.11
<b>Total</b>	<b>34,704.14</b>	<b>435,373.34</b>	<b>470,077.48</b>

Current maturity

Upto 12 months	37,711.68	28,220.71	65,932.39
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Terms of repayment as on March 31, 2014

Long term borrowing

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	-	9,075.19	9,075.19
36-48 months	-	5,968.13	5,968.13
24-36 months	0.02	134,125.09	134,125.11
12-24 months	14,325.65	28,918.46	43,244.11
<b>Total</b>	<b>14,325.67</b>	<b>178,086.87</b>	<b>192,412.54</b>

Current maturity

Upto 12 months	19,502.62	18,509.14	38,011.76
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(Rs. in lacs)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Total fixed deposits	470,077.48	65,932.39	192,412.54	38,011.76
Less: issued to related parties	33.98	7.10	9.19	1.10
<b>Total</b>	<b>470,043.50</b>	<b>65,925.29</b>	<b>192,403.35</b>	<b>38,010.66</b>

**G) Term loan from financial institutions/corporates -secured**

As at March 31, 2015

Long term borrowing

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.00%	20 installments of quarterly frequency	22,500.00	6,000.00
24-36 months	10.00%	20 installments of specific frequency	17,500.00	10,000.00
12-24 months	10.00%	1 to 12 installments of bullet and specific frequency	28,900.00	16,800.00
upto 12 months	10.00%	11 installments of specific frequency	-	5,000.00
<b>Total</b>			<b>68,900.00</b>	<b>37,800.00</b>

**Shriram Transport Finance Company  
Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**As at March 31, 2014**

**Long term borrowing**

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
36-48 months	11.10%	20 installments of quarterly frequency	27,500.00	10,000.00
24-36 months	10.50%	11 installments of quarterly frequency	33,200.00	16,800.00
12-24 months	11.00%	10 installments of quarterly frequency	5,000.00	12,000.00
<b>Total</b>			<b>65,700.00</b>	<b>38,800.00</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

(Rs. in lacs)

Total long-term borrowings	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Secured borrowings	2,453,935.32	944,419.41	1,779,971.35	959,537.51
Unsecured borrowings	831,622.98	144,211.30	616,236.95	167,923.40
<b>Total long-term borrowings</b>	<b>3,285,558.30</b>	<b>1,088,630.71</b>	<b>2,396,208.30</b>	<b>1,127,460.91</b>

**Shriram Transport Finance Company Limited**
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**
**(Rs. in lacs)**

Note 6-Other liabilities	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
Creditors other than Micro, Small and Medium Enterprises				
- for fixed assets	-	3.68	-	1.55
Current maturities of long term debts [Refer Note 5]	-	1,088,630.71	-	1,127,460.91
Interest accrued but not due on loans	57,257.61	103,004.74	48,907.46	103,501.11
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	821.59	-	773.97
- Unclaimed matured deposits and interest accrued thereon	-	3,718.52	-	4,496.26
- Unclaimed matured debentures and interest accrued thereon	-	5,566.28	-	6,324.62
- Unclaimed matured subordinate debts and interest accrued thereon	-	1,855.92	-	6,295.16
Temporary credit balance in bank accounts	-	3,436.05	-	4,103.99
Tax deducted at source	-	2,038.99	-	1,783.12
Service tax payable	-	65.39	-	71.64
Statutory dues pertaining to employees	-	505.27	-	389.07
Value added tax	-	412.34	-	412.34
Works contract tax payable	-	3.67	-	1.41
Unrealised gain on securitisation*	24,387.06	50,009.19	35,842.13	78,270.16
Retention and others	15,517.51	-	12,232.25	-
<b>Total</b>	<b>97,162.18</b>	<b>1,260,072.34</b>	<b>96,981.84</b>	<b>1,333,885.31</b>

\* Includes realised gain on premium structure securitisation / assignment deals amounting to Rs. Nil (March 31, 2014: Rs. 155.31 lacs) - Also refer note 2.1 (j) (v).

**(Rs. in lacs)**

Note 7- Provisions	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
<b>For employee benefits</b>				
For gratuity	-	37.52	-	54.91
For leave encashment and availment	-	1,859.85	-	1,736.79
<b>For Others</b>				
For non-performing assets	179,756.30	-	117,444.39	-
For standard assets [ Refer note (f) of note 2.1]	7,442.11	5,200.46	5,485.89	4,390.41
For credit loss on securitisation	-	-	7,370.36	-
For service tax- contested	-	8,793.99	-	8,793.99
For value added tax	-	575.66	-	-
For income tax	-	7,889.06	-	4,566.31
[net of advance tax Rs. 225,492.60 lacs (March 31, 2014: Rs. 167,466.56 lacs)]				
Proposed dividend	-	13,612.96	-	9,075.31
Corporate dividend tax	-	2,721.78	-	1,542.35
<b>Total</b>	<b>187,198.41</b>	<b>40,691.28</b>	<b>130,300.64</b>	<b>30,160.07</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

Note 8-Short-term borrowings	As at March 31, 2015	As at March 31, 2014
<b>Secured</b>		
Redeemable non-convertible debentures	-	43,400.00
Term loans		
i) From banks	236,344.91	194,799.86
ii) From financial institutions/corporates	-	10,000.00
<b>Loans repayable on demand (secured)</b>		
Cash credit	26,918.00	51,101.46
Working capital demand loan from banks	12,500.00	22,500.00
<b>Unsecured</b>		
Term loan from banks	12,000.00	2,200.00
Term loan from financial institutions	7,500.00	-
Commercial papers from other than banks	-	16,000.00
Less: unamortised discount	-	(623.41)
	-	15,376.59
<b>Total</b>	<b>295,262.91</b>	<b>339,377.91</b>

**A) Non-convertible debenture (NCD) -secured**

**i) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each**

**Terms of repayment as on March 31, 2015**

Outstanding as at March 31, 2015 : Rs. Nil.

**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	>=10%	<12% <sup>¥</sup>	
Upto 12 months	42,400.00		42,400.00
<b>Total</b>	<b>42,400.00</b>		<b>42,400.00</b>

**¥ Out of the above NCDs having put/call option are as under**

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.95%	30,000.00	26-Sep-14
2	10.72%	7,500.00	24-Sep-14
3	10.72%	2,500.00	24-Sep-14
<b>Total</b>		<b>40,000.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**(ii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each**

**Terms of repayment as on March 31, 2015**

Outstanding as at March 31, 2015 : Rs. Nil.

**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	>= 10% < 12%*₹	Total
Upto 12 months	1,000.00	1,000.00
<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>

\*Partly paid to the extent of Rs. 1,00,000/-

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	1,000.00	19-Aug-14

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**B) Term loans from bank -secured**

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015
upto 12 months	9.75% to 11.00%	1 to 20 installments of bullet and quarterly frequency	236,344.91
<b>Total</b>			<b>236,344.91</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	10.00 % to 11.25%	Bullet	194,799.86
<b>Total</b>			<b>194,799.86</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans

**C) Term loans from financial institutions -secured**

Outstanding as at March 31, 2015 : Rs. Nil.

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	10.25%	Bullet	10,000.00
<b>Total</b>			<b>10,000.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Shriram Transport Finance Company  
Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**D) Cash credit from bank (Rs. in lacs)**

	As at March 31, 2015	As at March 31, 2014
Secured by hypothecation of specific assets covered under hypothecation loan agreements	26,918.00	51,101.46
<b>Total</b>	<b>26,918.00</b>	<b>51,101.46</b>

**E) Working capital demand loan -secured**

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015
Up to 12 months	10.25% to 11.00%	Bullet	12,500.00
<b>Total</b>			<b>12,500.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	9.75 % to 11.50%	Bullet	22,500.00
<b>Total</b>			<b>22,500.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

**F) Term loans from bank -unsecured**

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015 #
upto 12 months	10.00%	Bullet	12,000.00
<b>Total</b>			<b>12,000.00</b>

# Loan is classified in time buckets based on option date.

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	9.75%	Bullet	2,200.00
<b>Total</b>			<b>2,200.00</b>

**G) Term loan from financial institutions - unsecured**

(Rs. in lacs)

	As at March 31, 2015	As at March 31, 2014
Upto 12 months	7,500.00	-
<b>Total</b>	<b>7,500.00</b>	<b>-</b>

**H) Commercial paper**

Outstanding as at March 31, 2015 : Rs. Nil.

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	10.20 % to 10.35 %	Bullet	16,000.00
<b>Total</b>			<b>16,000.00</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**Note**

The amount of commercial paper is disclosed at gross value. The amount of unamortised discount on commercial paper is Rs. 623.41 lacs.

	<b>(Rs. in lacs)</b>	
<b>Total short-term borrowings</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Secured borrowings	275,762.91	321,801.32
Unsecured borrowings	19,500.00	17,576.59
<b>Total short-term borrowings</b>	<b>295,262.91</b>	<b>339,377.91</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**  
**Note 9 - Fixed assets**

Particulars	Tangible fixed assets										Intangible assets			
	Land - freehold	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total tangible fixed assets	Trademarks	Computer software	Total intangible assets			
<b>Gross block</b>														
<b>As at April 01, 2013</b>	11.27	526.03	6,242.73	224.28	1,685.30	85.91	5,985.22	14,760.74	4.64	1,284.90	1,289.54			
Additions	4,449.52	-	2,923.06	92.82	753.08	0.10	3,433.08	11,651.66	-	95.77	95.77			
Deletions	-	138.48	276.77	12.77	116.28	4.22	481.83	1,030.35	-	-	-			
Adjustment*	-	254.20	54.19	-	58.33	-	(734.89)	(368.17)	-	-	-			
<b>As at March 31, 2014</b>	4,460.79	641.75	8,943.21	304.33	2,380.43	81.79	8,201.58	25,013.88	4.64	1,380.67	1,385.31			
Additions	-	28.04	1,386.26	566.15	525.52	24.64	1,924.26	4,454.87	-	68.23	68.23			
Deletions	-	-	322.84	71.37	133.04	5.69	616.45	1,149.39	-	-	-			
Adjustment*	-	-	(1,556.36)	1,556.36	-	-	-	-	-	-	-			
<b>As at March 31, 2015</b>	4,460.79	669.79	8,450.27	2,355.47	2,772.91	100.74	9,509.39	28,319.36	4.64	1,448.90	1,453.54			
<b>Depreciation</b>														
<b>As at April 01, 2013</b>	-	127.84	2,855.38	119.55	940.47	69.13	3,726.52	7,838.89	1.20	987.93	989.13			
Charge for the year	-	8.82	1,226.66	44.02	522.84	5.28	1,288.80	3,096.42	0.46	179.20	179.66			
Deletions	-	41.48	219.09	8.29	85.41	4.01	461.55	819.83	-	-	-			
Adjustment*	-	-	-	-	-	-	(368.17)	(368.17)	-	-	-			
<b>As at March 31, 2014</b>	-	95.18	3,862.95	155.28	1,377.90	70.40	4,185.60	9,747.31	1.66	1,167.13	1,168.79			
<b>Retained Earnings</b>														
Charge for the year	-	11.22	1,831.84	433.17	401.52	3.65	1,496.40	4,177.80	0.46	135.00	135.46			
Deletions	-	-	276.40	62.08	108.29	5.41	593.95	1,046.13	-	-	-			
Adjustment*	-	-	(320.95)	320.95	-	-	-	-	-	-	-			
<b>As at March 31, 2015</b>	-	106.40	5,153.53	955.17	1,671.13	68.64	5,088.05	13,042.92	2.12	1,302.13	1,304.25			
<b>Net block</b>														
<b>As at March 31, 2014</b>	4,460.79	546.57	5,080.26	149.05	1,002.53	11.39	4,015.98	15,266.57	2.98	213.54	216.52			
<b>As at March 31, 2015</b>	4,460.79	563.39	3,296.74	1,400.30	1,101.78	32.10	4,421.34	15,276.44	2.52	146.77	149.29			

\* Adjustment is on account of regrouping of fixed assets

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**Note 9 - Fixed assets**

**(Rs. in lacs)**

<b>Depreciation and amortisation</b>	<b>Year ended</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
on tangible assets	4,177.80	3,096.42
on intangible assets	135.46	179.66
on investment property	2.23	2.33
<b>Total</b>	<b>4,315.49</b>	<b>3,278.41</b>

**Shriram Transport Finance Company Limited**
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**
**Note 10 - Non-current investments**
**(Rs. in lacs)**

	<b>Non-current investments</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>1</b>	Investment property (net of depreciation)	195.23	197.47
<b>2</b>	Non trade :		
<b>A.</b>	Investment in equity shares-unquoted	67.20	65.00
<b>B.</b>	Investment in government securities	75,333.42	33,089.48
<b>C.</b>	Investment in subordinated debts	5,000.00	5,000.00
<b>D.</b>	Investment in venture capital fund	1,655.64	1,453.04
<b>E.</b>	Investment in mutual fund	200.00	200.00
	Less : Aggregate provision for diminution in value of investments	(25.00)	(25.00)
	<b>Total</b>	<b>82,426.49</b>	<b>39,979.99</b>

	<b>Particulars</b>	<b>Face value (Rs.)</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
			<b>As at March 31, 2015</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2014</b>
<b>1</b>	<b>Investment property</b> (at cost less accumulated depreciation)					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			16.43		14.19
	<b>Net Block</b>			<b>195.23</b>		<b>197.47</b>
<b>2</b>	<b>Non trade</b> (valued at cost unless stated otherwise)					
<b>A.</b>	<b>Shares : Fully paid up</b>					
	<b>Unquoted - Equity shares</b>					
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited	10	25,000	-	25,000	-
	(At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2014: Rs. 25.00 lacs) )					
	The Zoroastrian Co-operative Bank Limited (Purchased 100 share of Rs 25/- each during the year )	25	100	0.03	-	-
	Freight Commerce Solutions Private Limited (Purchased 3,705 share of Rs 10/- each during the year )	10	3,705	0.37	-	-
	Shriram Seva Sankalp Foundation ( Purchased 18,000 share of Rs 10/- each during the year)	10	18,000	1.80	-	-

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

	Particulars	Face value (Rs.)	Quantity	Amount	Quantity	Amount
			As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
<b>B.</b>	<b>Government Securities [Refer note 28]</b>					
	<b>Quoted</b>					
	6.13% GOI Loan 2028	100	176,000	177.36	176,000	177.47
	6.35% GOI Loan 2020	100	2,500,000	2,405.49	2,500,000	2,385.64
	6.49% GOI Loan 2015	100	-	-	500,000	495.73
	6.90% GOI Loan 2019	100	5,000,000	4,832.76	5,000,000	4,793.75
	7.02% GOI Loan 2016	100	400,000	398.27	400,000	397.02
	7.80% GOI Loan 2020	100	2,500,000	2,496.07	2,500,000	2,495.30
	8.13% GOI Loan 2022	100	2,500,000	2,502.04	2,500,000	2,502.31
	8.24% GOI Loan 2027	100	500,000	497.49	500,000	497.28
	8.26% GOI Loan 2027	100	7,500,000	7,374.83	7,500,000	7,364.70
	8.28% GOI Loan 2027	100	7,500,000	7,019.13	5,000,000	6,980.61
	8.97% GOI Loan 2030	100	2,500,000	2,658.25	2,500,000	2,668.33
	8.33% GOI Loan 2026	100	2,500,000	2,345.07	2,500,000	2,331.34
	8.28% GOI Loan 2027 (Purchased during the year)	100	7,500,000	7,265.31	-	-
	8.83% GOI Loan 2023 (Purchased during the year)	100	10,000,000	10,078.04	-	-
	7.16% GOI Loan 2023 (Purchased during the year)	100	12,500,000	11,917.43	-	-
	8.33% GOI Loan 2026 (Purchased during the year)	100	5,000,000	5,145.47	-	-
	8.60% GOI Loan 2028 (Purchased during the year)	100	7,500,000	8,220.41	-	-
<b>C.</b>	<b>Unquoted -Investment in Subordinated debts</b>					
	Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
<b>D.</b>	<b>Unquoted- Venture Capital fund</b>					
	ICICI Investment Management Company Limited (Subscribed during the year Rs. 237.13 lacs (March 31, 2014: Rs. 579.89 lacs) and redeemed during the year is Rs. 34.54 lacs (March 31, 2014: Rs. Nil)	10,000	16,556	1,655.64	14,530	1,453.04
<b>E.</b>	<b>Quoted: Investment in Mutual fund</b>					
	Shriram Equity & Debt Opportunities Fund Direct - Growth	10	2,000,000	200.00	2,000,000	200.00
	<b>Total</b>			<b>82,426.49</b>		<b>39,979.99</b>
	<b>Aggregate value of quoted investments</b>					
	Cost of acquisition			75,533.42		33,289.48
	Market value			78,023.63		29,642.13
	<b>Aggregate value of unquoted investments</b>					
	Cost of acquisition			6,722.84		6,518.04
	<b>Aggregate provision for diminution in value of investments</b>			25.00		25.00

**Shriram Transport Finance Company Limited**
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**
**(Rs. in lacs)**

<b>Note 11-Deferred tax assets (net)</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting period	1,122.49	586.52
Impact of expenditure charged to the statement of profit and loss in the current year but claimed as expense for tax purpose on payment basis.	4,072.89	4,552.89
Provision for securitisation	17,509.87	18,240.09
Provision for standard assets	4,081.61	3,356.95
<b>Gross deferred tax assets (A)</b>	<b>26,786.86</b>	<b>26,736.45</b>
<b>Deferred tax liability</b>		
Debenture issue expenses	1,008.53	1,180.65
<b>Gross deferred tax liability (B)</b>	<b>1,008.53</b>	<b>1,180.65</b>
<b>Net deferred tax assets (A-B)</b>	<b>25,778.33</b>	<b>25,555.80</b>

**(Rs. in lacs)**

<b>Note 12 -Loans and advances</b>	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
	<b>Non-current portion</b>	<b>Current portion #</b>	<b>Non-current portion</b>	<b>Current portion #</b>
<b>Unsecured, considered good</b>				
Capital advances	246.60	-	280.62	-
Security deposits	2,842.25	722.56	2,942.72	852.07
<b>Secured, considered good</b>				
Hypothecation loans	2,888,862.86	1,947,908.15	2,118,667.78	1,605,633.52
Retained interest on securitisation	24,011.94	33,466.27	41,178.54	40,768.00
Other loans	48,625.79	16,503.67	10.19	30.05
Securitisation deferred consideration receivable	24,387.06	50,009.19	37,139.46	79,937.37
<b>Unsecured, considered good</b>				
Unsecured loans	8,730.59	73,807.56	13,169.34	103,295.32
Advance - hypothecation loans	1,119.60	-	1,007.45	-
Debtors on securitisation (Net of delinquency provision Rs. 51,514.79 lacs, March 31, 2014 Rs. 46,292.75 lacs)	-	-	-	34.09
<b>Doubtful</b>				
Secured hypothecation loans	225,869.97	-	143,709.36	-
Other loans	-	-	350.64	-
Unsecured loan	10,692.98	-	5,452.50	-
Advances recoverable in cash or in kind or for value to be received	36.03	-	36.14	-
<b>Other loans and advances -Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received	2,753.55	4,147.78	3,444.34	8,366.79
Service tax credit (input) receivable	-	3,261.89	-	2,319.19
Prepaid expenses	77.96	502.41	155.26	854.57
Advance income tax (net of provision for taxation)	9,868.27	-	9,548.62	-
[net of provision for income tax Rs. 249,131.37 lacs (March 31, 2014: Rs. 247,798.82 lacs)]				
<b>Total</b>	<b>3,248,125.45</b>	<b>2,130,329.48</b>	<b>2,377,092.96</b>	<b>1,842,090.97</b>

# Includes current maturities of long term loans and advances

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

Note 13 -Other assets	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Unsecured, considered good</b>				
Fixed deposits with banks (Note 16)	290.80	-	0.50	-
Margin money deposit with banks (Note 16)	6,727.97	-	6,374.05	-
Interest accrued on investments	-	1,578.11	-	1,029.29
Interest accrued on fixed deposits with banks	58.14	3,221.27	372.08	5,302.78
Plan Asset - gratuity	-	1.29	-	0.13
Public issue expenses for non-convertible debentures	1,664.06	1,303.09	1,957.42	1,516.10
Issue expenses for equity shares	569.59	152.77	738.45	152.77
<b>Total</b>	<b>9,310.56</b>	<b>6,256.53</b>	<b>9,442.50</b>	<b>8,001.07</b>

**Note 14 - Current investments**

(Rs. in lacs)

Current investments		As at March 31, 2015	As at March 31, 2014
<b>1</b>	Investment in government securities	499.32	-
<b>2 a)</b>	Investment in certificate of deposit with banks	220,792.81	203,561.74
<b>b)</b>	Investment in mutual fund	-	1.40
	Less : Aggregate provision for diminution in value of investments	-	(16.81)
		<b>221,292.13</b>	<b>203,546.33</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)					
Particulars	Face value (Rs.)	Quantity As at March 31, 2015	Amount As at March 31, 2015	Quantity As at March 31, 2014	Amount As at March 31, 2014
<b>Current portion of long term investments (valued at cost unless otherwise mentioned)</b>					
<b>a) Quoted: Government Securities [Refer note 28]</b>					
6.49% GOI Loan 2015	100	500,000	499.32	-	-
This security is redeemable on June 8, 2015 at par					
<b>Current Investments (At lower of cost and fair value)</b>					
<b>a) Unquoted: Investment in Certificate of deposit with banks</b>					
Allahabad Bank		-	-	20,000	19,587.42
Andhra Bank		10,000	9,817.48	30,000	29,458.76
[At cost less provision for diminution in value of Rs. Nil (March 31, 2014: Rs. 9.39 Lacs) ]					
Bank of Baroda		-	-	2,500	2,452.54
[At cost less provision for diminution in value of Rs. Nil (March 31, 2014: Rs. 0.01 Lacs) ]					
Bank of Maharashtra		25,000	24,562.73	-	-
Central Bank of India		-	-	10,000	9,896.90
Corporation Bank		30,000	29,386.23	-	-
Industrial Development Bank of India Limited		-	-	25,000	24,556.87
[At cost less provision for diminution in value of Rs. Nil (March 31, 2014: Rs. 7.41 lacs) ]					
Indusind Bank Limited		-	-	10,000	9,797.95
Jammu & Kashmir Bank		25,000	24,540.55	-	-
Oriental Bank of Commerce		35,000	34,422.50	-	-
Punjab & Sindh Bank		30,000	29,416.65	-	-
South Indian Bank		-	-	30,000	29,330.27
State Bank of Bikaner & Jaipur		25,000	24,496.16	-	-
Syndicate Bank		25,000	24,568.65	20,000	19,670.98
UCO Bank		20,000	19,581.86	30,000	29,301.33
Union Bank of India		-	-	20,000	19,670.98
Vijaya Bank		-	-	10,000	9,820.93
<b>b) Quoted: Investment in Mutual fund</b>					
DWS Insta Cash Plus Fund - Direct Plan - Growth	10	-	-	840.33	1.40
(Redeemed during the year)					
<b>Total</b>			<b>221,292.13</b>		<b>203,546.33</b>
<b>Aggregate Value of Quoted Investments</b>					
Cost of acquisition			499.32		1.40
Market Value			498.04		1.40
<b>Aggregate Value of Unquoted Investments</b>					
Cost of acquisition			220,792.81		203,544.93
<b>Aggregate Provision for diminution in value of investments</b>			-		16.81

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

Note 15 - Trade receivables	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
<b>Other receivables (Unsecured, considered good)</b>		
Other receivables	298.86	190.67
<b>Total</b>	<b>298.86</b>	<b>190.67</b>

(Rs. in lacs)

Notes 16 -Cash and bank balances	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	166,700.86	-	185,452.85
Unpaid dividend accounts	-	821.59	-	773.96
Deposits with original maturity of less than three months	-	166,515.00	-	260,596.00
ii) Cheques on hand	-	7,576.72	-	4,197.25
iii) Cash on hand	-	10,990.89	-	13,608.57
iv) Call Money (CBLO)	-	-	-	69,882.53
		<b>352,605.06</b>		<b>534,511.16</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	290.80	9.22	0.50	290.80
Deposits with original maturity for more than 3 months but less than 12 months	-	6,588.28		31,878.40
Margin money deposit # @	6,727.97	116,915.32	6,374.05	145,163.32
	<b>7,018.77</b>	<b>123,512.82</b>	<b>6,374.55</b>	<b>177,332.52</b>
<b>Amount disclosed under non-current assets [ Refer Note 13]</b>	<b>(7,018.77)</b>		<b>(6,374.55)</b>	
<b>Total</b>	<b>-</b>	<b>476,117.88</b>	<b>-</b>	<b>711,843.68</b>

@ Includes deposits of Rs. 1.64 lacs (March 31, 2014: Rs. 1.64 lacs) pledged with VAT authorities.

# Includes deposits of Rs. 115,097.11 lacs (March 31, 2014 : Rs. 139,935.51 lacs) pledged with Banks as margin for credit enhancement, Rs. 8,106.35 lacs (March 31, 2014: Rs. 11,194.65 lacs) as margin for guarantees and Rs. 439.84 lacs (March 31, 2014: Rs. 405.57 lacs) pledged as lien against loans taken.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

(Rs. in lacs)

<b>Note 17 - Revenue from operations</b>	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
<b>Interest income on:-</b>		
- loan portfolio and related charges	773,833.99	636,346.18
- securitisation and direct assignment	21,132.89	85,372.36
- pass through certificates*	55,827.62	48,304.69
- margin money on securitisation/ assignments	10,971.17	13,354.78
- deposits with banks	1,728.06	6,421.88
- long-term investments	4,675.73	2,725.87
- current investments	867.55	2,864.01
<b>Other financial services</b>		
Reversal of provision for credit loss on securitisation	2,148.31	11,475.54
Income from portfolio management services	1.68	85.67
Income from commission services	5,414.12	3,617.42
Bad debt recovery	594.08	490.57
Dividend on long-term investments	0.25	0.50
Dividend on current investments	2.19	-
Profit on sale of current investments (net)	34,050.05	29,363.67
Profit on sale of investment in associate	-	0.06
<b>Facilitation fees</b>	6,452.13	7,164.17
<b>Total</b>	<b>917,699.82</b>	<b>847,587.37</b>

\* Includes Rs 7,033.92 lacs (March 31, 2014: Rs. 16,501.23 lacs) of income on pass through certificates where distribution tax has been deducted by the trustees as per section 115TA of Income Tax Act.

(Rs. in lacs)

<b>Note 18 - Other income</b>	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
Income from operating lease	10.14	10.14
Profit on sale of assets (net)	-	308.23
Miscellaneous income	251.71	112.95
<b>Total</b>	<b>261.85</b>	<b>431.32</b>

(Rs. in lacs)

<b>Note 19- Employee benefit expenses</b>	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
Salaries, other allowances and bonus	45,085.34	43,442.05
Gratuity expenses	725.50	232.72
Contribution to provident and other funds	2,986.91	2,268.13
Expense on Employee Stock Option Scheme	55.33	11.14
Staff welfare expenses	1,550.83	1,205.76
<b>Total</b>	<b>50,403.91</b>	<b>47,159.80</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

Note 20 - Finance cost	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Interest expense</b>		
Debtentures	177,916.28	164,929.90
Subordinated debts	50,057.08	52,049.20
Fixed deposits	41,603.99	18,404.23
Loans from banks	166,626.43	142,940.52
Loans from institutions and others	11,626.42	9,784.34
Commercial paper	1,315.63	2,434.30
<b>Other borrowing costs</b>		
Professional charges - resource mobilisation	9,557.88	9,661.93
Processing charges on loans	910.17	1,262.40
Brokerage	6,088.93	12,270.88
Sourcing fees	-	716.59
Service charges	-	4,299.56
Amortisation of public issue expenses for non-convertible debentures	1,761.70	1,467.06
<b>Total</b>	<b>467,464.51</b>	<b>420,220.91</b>

(Rs. in lacs)

Note 21 -Other expenses	Year Ended March 31, 2015	Year Ended March 31, 2014
Rent	7,750.80	7,418.61
Lease Rent for parking yards	182.89	124.71
Electricity expenses	1,257.77	996.96
Direct Selling Associates Commission	51.10	200.44
Repairs & maintenance		
- Buildings	24.25	11.41
- Others	861.83	1,077.82
Rates & taxes	50.93	190.80
Printing & stationery	1,543.70	1,551.89
Travelling & conveyance	12,152.07	11,780.87
Advertisement	328.57	175.92
Registration and filing fees	2.69	2.71
Brokerage	2.25	1.92
Business promotion	8,816.10	2,577.08
Buyer and seller facilitation expense	819.58	884.07
Royalty	6,249.24	2,561.58
Directors' sitting fees	12.26	12.37
Insurance	59.25	54.72
Communication expenses	4,472.86	4,315.33

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**(Rs. in lacs)**

<b>Note 21 -Other expenses</b>	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
Payment to auditor [ Refer Note 33]		
As Auditor:		
- Audit fees	160.40	145.57
- Tax audit fees	10.93	9.90
- Out of pocket	8.46	5.78
In any other manner:		
- Certification	3.09	4.59
Bank charges	3,106.81	3,091.07
Processing charges on securitisation	-	5.31
Professional charges on securitisation	3,170.41	5,709.05
Legal & professional charges	3,762.89	3,022.27
Donations	617.72	477.25
Loss on sale of fixed assets (net)	38.74	1.30
Issue expenses for equity shares	152.78	152.78
Data center management service	146.53	146.53
Security charges	18.77	291.55
Service charges paid	4,528.64	3,937.95
CSR expenses	74.10	135.95
Miscellaneous expenses	9,161.41	7,916.33
<b>Total</b>	<b>69,599.82</b>	<b>58,992.39</b>

**(Rs. in lacs)**

<b>Note 22 - Provisions and write offs</b>	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
Provision for non performing assets	60,954.86	34,890.07
Provision for standard assets [ Refer note (f) of note 2.1]	2,766.27	1,359.49
Provision for diminution in value of investments	-	16.81
Bad debts written off	97,501.26	85,054.49
<b>Total</b>	<b>161,222.39</b>	<b>121,320.86</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**23 Earnings per share**

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net Profit after tax as per statement of profit and loss (Rs. in lacs) (A)	102,844.45	135,793.73
Weighted average number of equity shares for calculating basic EPS (in lacs) (B)	2,268.83	2,268.76
Weighted average number of equity shares for calculating diluted EPS (in lacs) (C)	2,268.83	2,268.76
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	45.33	59.85
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	45.33	59.85

**24 Gratuity and other post-employment benefit plans:**

The Group has defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The Group funded Rs. 372.43 lacs during the financial year 2014-15 and Rs. 2,022.67 lacs during the financial year 2013-14.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

**Statement of profit and loss**

Net employee benefit expense (recognized in employee cost) (Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	352.87	348.84
Interest cost on benefit obligation	199.16	154.23
Expected return on plan assets	(180.42)	Nil
Net actuarial (gain) / loss recognised in the year	(30.84)	(270.36)
Past service cost	Nil	Nil
<b>Net benefit expense*</b>	<b>340.77</b>	<b>232.71</b>
Actual return on plan assets	239.79	51.10

\* Gratuity expense as per Note 19 of statement of profit and loss for the year ended March 31, 2015 includes gratuity paid to trust on account of relieved employees Rs. 362.91 lacs, gratuity provision on account of relieved employees Rs. 13.29 lacs and gratuity transferred to/from other companies Rs. 8.53 lacs.

**Balance sheet**

Benefit asset/(liability) (Rs. in lacs)

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	2,709.10	2,128.54
Fair value of plan assets	2,685.99	2,073.77
Surplus/(deficit)	(23.11)	(54.77)
Less: Unrecognised past service cost	Nil	Nil

<b>Plan asset / (liability) *</b>	<b>(23.11)</b>	<b>(54.77)</b>
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\*Gratuity liability for the year ended March 31, 2015 disclosed under Note 7 - Provisions includes gratuity provision on account of relieved employees Rs. 13.29 lacs and Rs. 0.16 lacs fund with insurance company.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**24 Gratuity and other post-employment benefit plans:**

**Changes in the present value of the defined benefit obligation are as follows:**

**(Rs. in lacs)**

<b>Particulars</b>	<b>Gratuity</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Opening defined benefit obligation	2,128.54	1,927.94
Interest cost	199.16	154.23
Current service cost	352.87	348.84
Benefits paid	Nil	(83.22)
Actuarial (gains) / losses on obligation	28.53	(219.25)
<b>Closing defined benefit obligation</b>	<b>2,709.10</b>	<b>2,128.54</b>

**Changes in the fair value of the plan assets are as follows:**

**(Rs. in lacs)**

<b>Particulars</b>	<b>Gratuity</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Opening fair value of plan assets	2,073.77	Nil
Expected return	180.42	Nil
Contributions by employer	372.43	2,022.67
Benefits paid	Nil	Nil
Actuarial gains / ( losses)	59.37	51.10
<b>Closing fair value of plan assets</b>	<b>2,685.99</b>	<b>2,073.77</b>

The Group expects to contribute Rs. 410.45 lacs to gratuity in the next year.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

<b>Particulars</b>	<b>Gratuity</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
	<b>%</b>	<b>%</b>
Investments with insurer	100	100

**The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:**

<b>Particulars</b>	<b>Gratuity</b>	
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Discount Rate	7.95%	9.36%
Expected rate of return on assets	7.95%	8.70%
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	5% and 15%	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*5% in case of employees with service period of more than 5 years and 15% for all other employees.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

## Shriram Transport Finance Company Limited

### Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

#### 24 Gratuity and other post-employment benefit plans:

Amounts for the current year and previous four years are as follows:

Particulars	(Rs. in lacs)				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	2,709.10	2,128.54	1,927.94	1,460.99	913.73
Plan assets	2,685.99	2,073.77	Not applicable	Not applicable	Not applicable
Surplus / (deficit)	(23.11)	(54.77)	(1,927.94)	(1,460.99)	(913.73)
Experience adjustments on plan liabilities (gains)/losses	(271.95)	58.31	94.64	343.18	74.98
Experience adjustments on plan assets (losses)/gains	59.37	51.10	Not applicable	Not applicable	Not applicable

- 25 The Group has two reportable segment viz. Providing finance to commercial vehicles, other loans (Financing activities) and Facilitating the buyers / sellers to sell their vehicles (Facilitation service division) which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into the account organisational structure as well as differential risk and return of these segments. Each of the above activity is restricted to a common single geographical segment. Hence, no disclosure on geographic segment is warranted.

Year ended March 31, 2015

(Rs. in lacs)

Particulars	Financing activities	Facilitation Service division	Total
Segment revenue	911,446.33	6,515.34	917,961.67
Segment results (Profit before tax and after interest on financing segment)	164,620.71	350.12	164,970.83
Less: Unallocated reconciling items	-	15.28	15.28
<b>Net profit before tax</b>			<b>164,955.55</b>
Less: Income Taxes			<b>62,111.10</b>
<b>Net profit after tax</b>			<b>102,844.45</b>
Add: Share of profit of associate			-
<b>Net profit after taxes and share of loss of associate</b>			<b>102,844.45</b>
<b>Other information:</b>			
Segment assets	6,173,653.10	6,061.74	6,179,714.84
Unallocated corporate assets	35,504.46	142.14	35,646.60
<b>Total assets</b>	<b>6,209,157.56</b>	<b>6,203.88</b>	<b>6,215,361.44</b>
Segment liabilities	5,277,531.46	3,359.14	5,280,890.60
Unallocated corporate liabilities	7,747.27	141.79	7,889.06

<b>Total Liabilities</b>	<b>5,285,278.73</b>	<b>3,500.93</b>	<b>5,288,779.66</b>
Capital expenditure	4,398.56	124.54	<b>4,523.10</b>
Depreciation	4,108.61	206.88	<b>4,315.49</b>
Other non cash expenditure	165,966.55	48.86	<b>166,015.41</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**Year ended March 31, 2014**

(Rs. in lacs)

<b>Particulars</b>	<b>Financing activities</b>	<b>Facilitation Service Division</b>	<b>Total</b>
Segment revenue	840,812.93	7,205.76	<b>848,018.69</b>
Segment results (Profit before tax and after interest on financing segment)	196,471.75	578.68	<b>197,050.43</b>
Less: Unallocated reconciling items	-	4.11	<b>4.11</b>
<b>Net profit before tax</b>			<b>197,046.32</b>
Less: Income Taxes			<b>61,252.59</b>
<b>Net profit after tax</b>			<b>135,793.73</b>
Add: Share of profit of associate			-
<b>Net profit after taxes and share of loss of associate</b>			<b>135,793.73</b>
<b>Other information:</b>			
Segment assets	5,191,433.63	6,689.01	<b>5,198,122.64</b>
Unallocated corporate assets	34,979.95	124.47	<b>35,104.42</b>
<b>Total assets</b>	<b>5,226,413.58</b>	<b>6,813.48</b>	<b>5,233,227.06</b>
Segment liabilities	4,374,560.34	3,082.70	<b>4,377,643.04</b>
Unallocated corporate liabilities	4,543.15	23.16	<b>4,566.31</b>
<b>Total Liabilities</b>	<b>4,379,103.49</b>	<b>3,105.86</b>	<b>4,382,209.35</b>
Capital expenditure	7,228.25	4,519.18	<b>11,747.43</b>
Depreciation	2,955.83	322.58	<b>3,278.41</b>
Other non cash expenditure	126,071.06	396.01	<b>126,467.07</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

**26 Employee Stock Option Plan**

**Holding Company - Shriram Transport Finance Company Limited**

	<b>Series III</b>	<b>Series VI</b>
Date of grant	9-Oct-06	13-May-09
Date of board/committee approval	6-Sep-06	13-May-09
Date of Shareholder's approval	13-Oct-05	13-Oct-05
Number of options granted	910,000	50,000
Method of settlement (Cash/Equity)	Equity	Equity
Graded vesting period		
After 1 year of grant date	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date
Vesting conditions	On achievement of predetermined targets.	On achievement of predetermined targets.

The Serieswise details have been summarized below:

**March 31, 2015**

	<b>Series III</b>	<b>Series VI</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Outstanding at the beginning of the period (Number of Shares)	-	-
Weighted average remaining contractual life (in years)	-	-
Weighted average fair value of options granted	74.85	201.45
Weighted average Exercise Price(Rs.)	35.00	35.00

**March 31, 2014**

	<b>Series III</b>	<b>Series VI</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Outstanding at the beginning of the period (Number of Shares)	4,000	14,800
Add: Granted during the period (Number of Shares)	-	-
Less: Forfeited during the period (Number of Shares)	-	-
Less: Exercised during the period (Number of Shares)	4,000	14,800
Less: Expired during the period (Number of Shares)	-	-
Outstanding at the end of the period (Number of Shares)	-	-
Exercisable at the end of the period (Number of Shares)	-	-

Weighted average remaining contractual life (in years)	-	-
Weighted average fair value of options granted	74.85	201.45
Weighted average Exercise Price(Rs.)	35.00	35.00

The weighted average share price for the period over which stock options were exercised was Rs. Nil (March 31, 2014: Rs. 650.99).

The details of exercise price for stock options outstanding at the end of the year are:

There are no stock options outstanding as at March 31, 2015 and March 31, 2014.

### **Shriram Transport Finance Company Limited**

#### **Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

#### **26 Employee Stock Option Plan**

	<b>Series I (SAIL)</b>	<b>Series I (SEFCL)</b>
Date of grant	28-Jan-14	28-Jan-14
Date of board/committee approval	6-May-13	28-Jan-14
Date of shareholder's approval	11-Nov-13	11-Nov-13
Number of options granted	100,000	170,000
Method of settlement (cash/equity)	Equity	Equity
Graded vesting period		
After 1 year of grant date	20% of options granted	20% of options granted
After 2 years of grant date	30% of options granted	30% of options granted
After 3 years of grant date	50% of options granted	50% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date
Vesting Conditions	on achievement of pre -determined targets	on achievement of pre - determined targets

The details of Series I have been summarized below:

#### **Shriram Automall (India) Limited**

	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price(Rs.)</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price(Rs.)</b>
Outstanding at the beginning of the period	100,000	10.00	100,000	10.00
Add: Granted during the period	-	-	-	-
Outstanding at the end of the period	100,000	10.00	100,000	10.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)	-	5.84	-	6.84
Weighted average fair value of options granted	-	27.40	-	34.31

The fair value of shares as on March 31, 2015 is Rs 33.51.

#### **Shriram Equipment Finance Company Limited**

	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price(Rs.)</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price(Rs.)</b>
Outstanding at the beginning of the period	170,000	10.00	-	-
Add: Granted during the period	-	-	170,000	10.00
Outstanding at the end of the period	170,000	10.00	170,000	10.00

Exercisable at the end of the period	170,000	10.00	170,000	10.00
Weighted average remaining contractual life (in years)	-	5.87	-	6.87
Weighted average fair value of options granted	-	7.78	-	51.29

The fair value of shares as on March 31, 2015 is Rs 13.88.

## Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

### 26 Employee Stock Option Plan

The details of exercise price for stock options outstanding for Series I at the end of the year are:

#### Shriram Automall (India) Limited

As at	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
March 31, 2015	Rs. 10/-	100,000	5.84	Rs. 10/-
March 31, 2014	Rs. 10/-	100,000	6.84	Rs. 10/-

#### Shriram Equipment Finance Company Limited

As at	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
March 31, 2015	Rs. 10/-	170,000	5.87	Rs. 10/-
March 31, 2014	Rs. 10/-	170,000	6.87	Rs. 10/-

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Total compensation cost pertaining to employee share-based payment plan (entirely equity-settled)	55.33	11.14
Liability for employee stock options outstanding as at year end	114.75	114.75
Deferred compensation cost	49.19	104.51

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:**

In March 2005, ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	Year ended March 31, 2015	Year ended March 31, 2014
Profit as reported (Rs. in lacs)	102,844.45	135,793.73
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	55.33	11.14
Less: Employee stock compensation under fair value method (Rs. in lacs)	19.39	12.21
Proforma profit (Rs. in lacs)	102,880.39	135,792.66

Less: Preference dividend	-	-
Proforma net profit for equity shareholders	102,880.39	135,792.66
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	45.33	59.85
- Proforma	45.33	59.85
<b>Diluted (Rs.)</b>		
- As reported	45.33	59.85
- Proforma	45.33	59.85
Nominal Value (Rs.)	10.00	10.00

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**27 Leases**

**In case of assets taken on lease**

The Group has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 7,750.80 lacs (March 31, 2014 : Rs. 7,418.61 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 6 to 144 months. There are no restrictions imposed by lease arrangements.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Minimum lease payments:</b>		
Not later than one year	2,102.27	1,015.27
Later than one year but not later than five years	4,053.62	1,623.74
Later than five years	1,838.92	453.84

- 28** In accordance with the Reserve Bank of India circular no. RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 76,576.00 lacs (March 31, 2014: Rs. 34,076.00 lacs) in favour of trustees representing the public deposit holders of the Company.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**29 Related Party disclosure**

**Related party where control exists**

**Other related parties**

Enterprises having significant influence over the Company : Shriram Capital Limited  
Newbridge India Investments II Limited (upto May 10, 2013)  
Shriram Ownership Trust  
Shriram Financial Ventures (Chennai) Private Limited

Enterprises over which Key Management Personnel has significant influence : Shriram Seva Sankalp Foundation (from March 13, 2015)

Associates : Shriram Asset Management Company Limited (upto June 18, 2013)

Related parties as per AS 18 with whom transactions have taken place during the year

Key Management Personnel : Mr. Umesh Revankar, Managing Director  
Mr. Sameer Malhotra, Whole Time Director of SAIL  
Mr. Pratap Paode, CEO (w.e.f 01-04-2011) of SEFC

Relatives of Key Management Personnel : Mrs. Suchita U. Revankar (spouse of Managing Director)  
Master Shirish U. Revankar ( son of Managing Director)  
Master Shreyas U. Revankar (son of Managing Director)  
Mrs. Geeta G. Revankar (mother of Managing Director)  
Mrs Kamini Malhotra (spouse of Mr. Sameer Malhotra )  
Mrs. Bidisha Paode (spouse of Mr. Pratap Paode)

Related parties as per the Companies Act, 2013 with whom transactions have taken place during the year

Key Management Personnel : Mr. Vivek Achwal, Company Secretary  
: Mr. Parag Sharma, Chief Financial Officer  
Mr. Nitin Lokhande, Company Secretary of SAIL  
Mrs. Harshita Phophalia, Chief Financial Officer of SAIL  
Mr. Amit Agarwal, Chief Financial Officer of SEFC  
Ms. Reema Desai, Company Secretary of SEFC

Relatives of Key Management Personnel : Mrs. Ranjana Achwal (spouse of Company Secretary )  
Mr. Anish Achwal (son of Company Secretary)  
Mrs. Shelly Sharma (spouse of Chief Financial Officer)  
Ms. Atibhi Sharma (daughter of Chief Financial Officer)  
Mr. Amit Sharma (brother of Chief Financial Officer)  
Mrs. Rama Sharma (mother of Chief Financial Officer)  
Mr. Madan Mohan Sharma (father of Chief Financial Officer)

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Payments/Expenses</b>												
Employee Benefits for Key Management Personnel \$	-	-	-	-	-	-	305.53	269.25	-	-	305.53	269.25
Royalty paid to Shriram Ownership Trust	6,249.24	2,561.58	-	-	-	-	-	-	-	-	6,249.24	2,561.58
Data sourcing fees paid to Shriram Ownership Trust	-	716.59	-	-	-	-	-	-	-	-	-	716.59
Service charges paid to Shriram Ownership Trust	-	4,299.56	-	-	-	-	-	-	-	-	-	4,299.56
Service charges paid to Shriram Capital Limited	4,528.64	3,937.95	-	-	-	-	-	-	-	-	4,528.64	3,937.95
Equity dividend paid Ω	-	-	-	-	-	-	6.23	6.10	-	-	6.23	6.10
- Shriram Capital Limited	4,728.25	4,104.08	-	-	-	-	-	-	-	-	4,728.25	4,104.08
Car hire charges	-	-	-	-	-	-	-	-	10.89	10.85	10.89	10.85
Non-convertible debenture matured Ω	-	-	-	-	-	-	-	-	23.08	2.01	23.08	2.01
Fixed deposit matured Ω	-	-	-	-	-	-	-	-	1.10	1.02	1.10	1.02
Interest on fixed deposit	-	-	-	-	-	-	-	-	2.57	0.99	2.57	0.99
Interest on subordinated debt	12.03	-	-	17.50	-	-	-	-	0.14	0.07	12.17	17.57
Interest on Non-convertible debenture	0.54	-	-	0.12	-	-	0.51	0.38	3.52	4.39	4.57	4.89
Investment in equity share of Shriram Seva Sankalp Foundation	-	-	1.80	-	-	-	-	-	-	-	1.80	-
Rent paid	-	-	-	-	-	0.39	-	-	-	-	-	0.39
- Shriram Capital Limited	95.29	20.55	-	-	-	-	-	-	-	-	95.29	20.55
Other administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	31.89	5.11	-	-	-	-	-	-	-	-	31.89	5.11

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

Particulars	(Rs. in Lacs)											
	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014		
<b>Receipts/Income</b>												
Recovery of rent & electricity												
- Shriram Capital Limited	13.44	11.32	-	-	-	-	-	-	-	-	13.44	11.32
-Shriram Asset Management Company Limited	-	-	-	-	-	1.16	-	-	-	-	-	1.16
Non-convertible debenture μ	-	-	-	-	-	-	-	-	-	3.29	-	3.29
Fixed deposit μ	-	-	-	-	-	-	-	-	31.89	3.19	31.89	3.19
Subordinated debts	-	-	-	-	-	-	-	-	-	0.80	-	0.80

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

Particulars	(Rs. in Lacs)												
	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total		
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
<b>Balance Outstanding at the year end</b>													
Share Capital													
-Shriram Capital Limited	5,910.32	5,910.32	-	-	-	-	9.82	-	-	-	5.95	-	9.82
Investment in Equity shares													
- Shriram Seva Sankalp Foundation	-	-	1.80	-	-	-	-	-	-	-	-	-	-
Non-convertible debenture	5.00	-	-	-	-	-	4.38	4.38	14.47	37.55	23.85	41.93	
Interest payable on non-convertible debenture	-	-	-	-	-	-	0.57	0.22	1.31	7.43	1.88	7.65	
Receivable from Shriram Capital Limited	4.12	0.78	-	-	-	-	-	-	-	-	4.12	0.78	
Outstanding expenses													
-Shriram Capital Limited	13.69	3.65	-	-	-	-	-	-	-	-	13.69	3.65	
-Shriram Ownership Trust	294.88	230.95	-	-	-	-	-	-	-	-	294.88	230.95	
Fixed deposit	-	-	-	-	-	-	-	-	41.08	10.29	41.08	10.29	
Interest payable on fixed deposit	-	-	-	-	-	-	-	-	3.53	1.07	3.53	1.07	
Subordinated debt	268.03	-	-	-	-	-	-	-	1.10	1.10	269.13	1.10	
Interest payable on subordinated debt	25.24	-	-	-	-	-	-	-	0.32	0.18	25.56	0.18	

Ω Denotes payments

μ Denotes receipts

§ As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**(Rs. in lacs)**

<b>30</b>	<b>Contingent Liabilities not provided for</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a.	In respect of Income tax demands where the Group has filed appeal before CIT(Appeals)	37,014.51	52,678.52
b.	VAT demand where the Group has filed appeal before Tribunal	4,944.18	2,621.14
c.	Service tax liability pertaining to HP/Lease	12,824.07	12,824.07
d.	Guarantees and Counter Guarantees	120,098.42	237,803.49

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Group is of the opinion that above demands are not sustainable and expects to succeed in its appeals. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the group's financial position and results of operations.

The Company has received show cause notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct Assignments for the period 2008-09 to 2012-13, the same are contested by the Company. Shriram Automall India Limited, (wholly owned subsidiary) has received show cause notice demanding service tax due to the difference in the availment of Cenvat Credit. The Notice was given based on the audit conducted by the Department for the period 2010-11 and 2011-12 and the same is contested by the Company.

**(Rs. in lacs)**

	<b>Disputed income tax demand are on account of</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a.	Transfer to statutory reserve and Securitisation and royalty	5,594.44	44,608.17
b.	Provision for NPA	19,519.76	7,457.95
c.	Disallowance of ESOP expenses, 14A, derivatives etc.	1,095.53	612.40
d.	Interest as per assessment orders, etc	10,804.78	-
	<b>Total</b>	<b>37,014.51</b>	<b>52,678.52</b>

**(Rs. in lacs)**

	<b>Commitments not provided for</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a.	Estimated amount of contracts remaining to be executed on capital account	543.03	194.11
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	809.83	1,046.96
c.	Commitments related to loans sanctioned but undrawn	847.46	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**31 Disclosures relating to Securitisation**

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	No of SPVs sponsored by the NBFC for securitisation transactions* (in No. )	44	48
2	Total amount of securitised assets as per books of the SPVs sponsored	916,559.38	1,226,692.65
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
(a)	Off-balance sheet exposures		
	First loss	282.25	751.25
	Others	-	-
(b)	On-balance sheet exposures		
	First loss	97,512.02	80,349.45
	Others	44,761.53	56,347.80
4	Amount of exposures to securitisation transactions other than MRR		
(a)	Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	100,438.85	96,464.92
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
(b)	On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	376.37	11,664.54
	Others	17,208.72	27,307.99
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**31 Disclosures relating to Securitisation**

The information on direct assignement of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	No. of transactions assigned by the Company	16	55
2	Total amount outstanding	116,735.73	423,228.38
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
	(a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	First loss	-	-
	Others	12,716.68	23,841.58
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	1,359.00	26,909.41
	Loss	3,083.00	97,287.54
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On - Balance Sheet Exposures		
	(i) Exposure to own securitisations		
	First loss	-	19,737.27
	Others	-	575.61
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**31 Disclosures relating to Securitisation**

The information on direct assignement of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	No. of transactions assigned by the Company	-	6
2	Total amount outstanding	-	4,358.10
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
	(a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	4,222.20
	Loss	-	1,831.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On - Balance Sheet Exposures		
	(i) Exposure to own securitisations		
	First loss	-	1,754.36
	Others	-	303.45
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

<b>32</b>	Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:		
	<b>(Rs. in lacs)</b>		
	<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
	The principal amount remaining unpaid to supplier as at the end of the year	-	-
	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
<b>33</b>	In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of Rs. 60.61 lacs (March 31, 2014: Rs. 120.62 lacs) [including out of pocket expenses of Rs. 1.06 lacs (March 31, 2014: Rs. 1.52 lacs)] have been amortised as per note 13 and shown under other assets.		

<b>34</b>	<b>Expenditure in foreign currency (accrual basis)</b>		<b>(Rs. in lacs)</b>
	<b>Particulars</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
	Rating fees	-	43.90
	Computer software	-	7.33
	Computer charges	1.94	-
	Membership fees	0.16	-
	<b>Total</b>	<b>2.10</b>	<b>51.23</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for the year ended March 31, 2015**

**35 Previous year comparatives**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year's presentation.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2015

(Rs. in lacs)

Name of the entity in the Group	Net Asset, i.e, total assets minus total liabilities		Shares in profit or loss	
	As % of consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
1	2	3	4	5
<b>Parent</b>				
Shriram Transport Finance Company Limited	99.70%	923,796.50	120.36%	123,780.98
<b>Subsidiaries</b>				
<b>Indian</b>				
1 Shriram Equipment Finance Company Limited	2.94%	27,199.52	-21.12%	-21,722.61
2 Shriram Automall (India) Limited	0.49%	4,585.76	0.77%	788.59
<b>Foreign</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Minority interests in all subsidiaries, associates (Investment as per the equity method)</b>				
<b>Indian</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Foreign</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Inter-company adjustment</b>	-3.13%	-29,000.00	-	-
<b>TOTAL</b>	100.00%	926,581.78	100.00%	102,846.96

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
12th Floor, The Ruby  
29, Senapati Bapat Marg  
Dadar (West)  
Mumbai – 400 028

G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Kothrud  
Pune – 411 038

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Directors of Shriram Transport Finance Company Limited**

We have audited the accompanying consolidated financial statements of Shriram Transport Finance Company Limited ("the Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidate cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date;  
and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Other matters**

We did not jointly audit the financial statements of Subsidiaries, whose financial statements reflect total assets of Rs. 353,076 lacs after elimination of inter group balance as at March 31, 2014, the total revenue of Rs. 61,601 lacs after elimination of inter group transaction and total cash outflows amounting to Rs. 14,545 lacs after elimination of inter group transaction for the year then ended. The financial statements of the subsidiaries, Shriram Equipment Finance Company Limited and Shriram Automall India Limited have been audited by S.V. Ghatalia & Associates LLP, Chartered Accountants and G. D. Apte & Co. Chartered Accountants, respectively, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on reports of respective auditors. Our opinion is not qualified in respect of this matter.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Viren H. Mehta**  
**Partner**  
Membership No.: 048749

**Ameya Tambekar**  
**Partner**  
Membership No: 128355

Place: Mumbai  
Date: April 29, 2014

Place: Mumbai  
Date: April 29, 2014

**Shriram Transport Finance Company Limited**  
**Consolidated Balance Sheet as at March 31, 2014**

(Rs. in lacs)

Particulars	Note No	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	<b>3</b>	22,690.67	22,688.79
(b) Reserves and surplus	<b>4</b>	828,327.04	711,098.38
		<b>851,017.71</b>	<b>733,787.17</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	<b>5</b>	2,396,208.30	2,004,337.45
(b) Other long- term liabilities	<b>6</b>	98,809.37	130,379.66
(c) Long- term provisions	<b>7</b>	130,300.64	115,912.07
		<b>2,625,318.31</b>	<b>2,250,629.18</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	<b>8</b>	339,377.91	459,581.10
(b) Trade payables		52,479.34	76,122.52
(c) Other current liabilities	<b>6</b>	1,333,885.31	1,178,076.22
(d) Short-term provisions	<b>7</b>	30,160.07	29,223.71
		<b>1,755,902.63</b>	<b>1,743,003.55</b>
<b>Total</b>		<b>5,232,238.65</b>	<b>4,727,419.90</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	<b>9</b>		
(i) Tangible assets		15,266.57	6,921.85
(ii) Intangible assets		216.52	300.42
(iii) Intangible assets under development		-	4.10
(b) Non-current investments	<b>10</b>	39,779.99	30,365.84
(c) Deferred tax assets (net)	<b>11</b>	25,555.80	28,712.53
(d) Long- term loans and advances	<b>12</b>	2,376,963.99	2,124,857.28
(e) Other non-current assets	<b>13</b>	9,442.50	17,016.52
		<b>2,467,225.37</b>	<b>2,208,178.54</b>
<b>(2) Current assets</b>			
(a) Current investments	<b>14</b>	203,746.33	297,659.63
(b) Trade receivables	<b>15</b>	190.67	0.49
(c) Cash and bank balances	<b>16</b>	711,843.68	635,172.69
(d) Short-term loans and advances	<b>12</b>	1,841,231.53	1,578,692.34
(e) Other current assets	<b>13</b>	8,001.07	7,716.21
		<b>2,765,013.28</b>	<b>2,519,241.36</b>
<b>Total</b>		<b>5,232,238.65</b>	<b>4,727,419.90</b>

Significant Accounting Policies

2.1

The accompanying notes are an integral part of the financial statements.

**Shriram Transport Finance Company Limited**  
**Consolidated Balance Sheet as at March 31, 2014**

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Viren H. Mehta**  
Partner  
Membership No. 048749

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Arun Duggal**  
Chairman

**Umesh Revankar**  
Managing Director

Mumbai  
April 29, 2014

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Statement of Consolidated Profit and Loss for the year ended March 31, 2014**

(Rs. in lacs)

Particulars	Note No	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Income</b>			
Revenue from operations	17	847,601.92	701,442.87
Other income	18	416.77	152.93
<b>Total</b>		<b>848,018.69</b>	<b>701,595.80</b>
<b>Expenditure</b>			
Adjustment due to decrease/(increase) in inventory of vehicles	35	-	96.11
Refurbishment expenses		-	2.41
Employee benefit expenses	19	47,159.80	44,316.72
Finance cost	20	420,220.91	305,894.51
Depreciation and amortisation	9	3,278.41	2,271.24
Other expenses	21	58,992.39	45,524.82
Provisions & write offs	22	121,320.86	87,223.96
<b>Total</b>		<b>650,972.37</b>	<b>485,329.77</b>
<b>Profit before taxation</b>		<b>197,046.32</b>	<b>216,266.03</b>
<b>Provision for taxation</b>			
Current tax		58,095.87	76,944.13
Less: MAT credit entitlement		-	(188.29)
Deferred tax		3,156.72	(6,878.58)
<b>Total tax expense / (income)</b>		<b>61,252.59</b>	<b>69,877.26</b>
<b>Profit after tax from operations</b>		<b>135,793.73</b>	<b>146,388.77</b>
Share of Profit / (Loss) of Associate		-	(45.98)
<b>Net profit after taxes and Share of Profit of Associate</b>		<b>135,793.73</b>	<b>146,342.79</b>
<b>Earnings per share</b>	23		
Basic (Rs.)		59.85	64.52
Diluted (Rs.)		59.85	64.51
Nominal value of equity share (Rs.)		<b>10.00</b>	<b>10.00</b>

Significant Accounting Policies

2.1

The accompanying notes are an integral part of the financial statements.

**Shriram Transport Finance Company Limited**  
**Statement of Consolidated Profit and Loss for the year ended March 31, 2014**

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Viren H. Mehta**  
Partner  
Membership No. 048749

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Arun Duggal**  
Chairman

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Managing Director

Mumbai  
April 29, 2014

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2014**

(Rs. in lacs)

<b>Particulars</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
<b>A. Cash flow from operating activities</b>		
Profit before taxes	197,046.32	216,266.03
Depreciation and amortisation	3,278.41	2,271.24
Loss / (profit) on sale of fixed assets (net)	(306.92)	55.24
Provision for diminution in value of investments	16.81	(178.66)
Employees Stock option compensation cost	11.14	(86.69)
Premium on Government Securities	10.49	0.80
Amortisation of Discount on Government Securities	(91.77)	(74.82)
Amortisation of Issue expenses for equity shares	152.78	152.78
Amortisation of Public issue expenses for non convertible debentures	1,467.06	1,578.01
Provision for credit loss on securitisation	-	17,617.43
Provisions for non performing assets and bad debt written off	119,944.56	67,238.28
Provisions for standard assets	1,359.49	2,546.91
Provision for gratuity	(1,873.03)	466.95
Provision for non moving inventory	-	(3.23)
Provision for leave encashment	211.10	263.01
<b>Operating profit before working capital changes</b>	<b>321,226.44</b>	<b>308,113.28</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	(23,643.18)	16,422.46
Increase / (decrease) in provisions	(19,302.54)	(35,178.94)
Increase / (decrease) in provision for service tax- contested	15.81	26.36
Increase / (decrease) in other liabilities	(126,093.13)	(29,026.73)
Decrease / (increase) in trade receivables	(190.17)	25.30
Decrease / (increase) in inventories	-	96.11
(Increase) / decrease in investments	84,561.29	41,448.98
Decrease / (increase) in loans and advances	(596,012.43)	(1,015,699.28)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	15,450.82	(43,782.83)
Decrease / (increase) in other assets	273.41	139.89
<b>Cash generated from operations</b>	<b>(343,713.68)</b>	<b>(757,415.40)</b>
Direct taxes paid (net of refunds)	(61,760.78)	(78,447.16)
<b>Net cash flow used in operating activities (A)</b>	<b>(405,474.46)</b>	<b>(835,862.56)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed including intangible assets	(11,743.34)	(4,321.22)
Proceeds from sale of fixed assets	516.39	136.92
<b>Net cash used in investing activities (B)</b>	<b>(11,226.95)</b>	<b>(4,184.30)</b>

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2014**

(Rs. in lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	1.88	6.25
Securities premium on issue of equity capital	4.70	15.62
Amount received from institutional borrowing	1,953,898.05	2,457,610.34
Amount received from Public issue of non convertible debentures	123,589.04	60,000.00
Increase / (decrease) in Retail borrowings	127,215.42	84,042.75
Amount redeemed for Public issue of non convertible debentures	(27,120.05)	(46,923.16)
Repayment of institutional borrowing	(1,655,581.83)	(1,628,933.99)
Public issue expenses for non convertible debentures paid	(2,448.01)	(1,316.96)
Dividend paid	(15,881.04)	(15,877.71)
Tax on dividend	(2,698.99)	(2,575.76)
<b>Net cash from financing activities (C)</b>	<b>500,979.17</b>	<b>906,047.38</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>84,277.76</b>	<b>66,000.52</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>450,233.40</b>	<b>384,118.28</b>
<b>Cash and bank balances taken over on merger</b>	<b>-</b>	<b>114.60</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>534,511.16</b>	<b>450,233.40</b>

(Rs. In Lacs)

Components of cash and cash equivalents	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents at the end of the year</b>		
i) Cash on hand	13,608.57	9,488.22
ii) Cheques on hand	4,197.25	5,419.28
iii) Call Money (CBLO)	69,882.53	-
iv) Balances with scheduled banks in:		
Current accounts	185,452.85	377,159.68
Unpaid dividend accounts *	773.96	629.22
Deposits with original maturity of less than three months	260,596.00	57,537.00
<b>Total cash and cash equivalents (Note 16)</b>	<b>534,511.16</b>	<b>450,233.40</b>

Significant Accounting Policies (Note 2.1)

The accompanying notes are an integral part of the financial statements.

**Shriram Transport Finance Company Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2014**

**Notes**

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) All figures in brackets indicate outflow.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 4) During the year ended March 31, 2013, Shriram Holdings (Madras) Private Limited (SHMPL) amalgamated with the Company using "Purchase method" as defined under AS-14 Accounting for Amalgamations notified under Companies (AS) Rules, 2006 (as amended). Assets and liabilities taken over of SHMPL were settled for a net consideration of Rs. 279,487,425. The said net consideration was settled in the form of 500,868 equity shares of Rs. 10/- each. The Company has allotted the said shares on November 05, 2012. Details of Net Assets taken over has been disclosed under Note 35 to the financial statements. The said net assets include cash and bank balances amounting to Rs. 200/- and Rs. 11,460,048/- respectively. The said balances was taken over on November 05, 2012.
- \*5) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Viren H. Mehta**  
Partner  
Membership No. 048749

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Arun Duggal**  
Chairman

**Umesh Revankar**  
Managing Director

Mumbai  
April 29, 2014

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

## Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

<b>1</b>	<b>Basis of preparation</b>
	<p>The Consolidated financial statements relates to M/s. Shriram Transport Finance Company Limited (the company), its subsidiary companies and associate. The company, its subsidiary companies and associate constitute the group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under provisions of the Companies Act, 1956 ('the Act') read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.</p>
<b>2</b>	<b>Basis of consolidation</b>
	<p>(i) The financial statements of the subsidiary companies and the associate used in the consolidation are drawn up to the same reporting date as of the company i.e. year ended March 31, 2014 and are prepared based on the accounting policies consistent with those used by the company.</p> <p>(ii) The financial statements of the group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' and AS 23 - 'Accounting for Investments in Associates' in consolidated financial statements, notified under the Companies (Accounting Standards) Rules, 2006, as amended and other generally accepted accounting principles in India.</p> <p>(iii) The consolidated financial statements have been prepared on the following basis :</p> <ol style="list-style-type: none"><li>1 The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.</li><li>2 The consolidated financial statements include the share of profit / loss of the associate company which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.</li><li>3 The excess of cost to the company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.</li><li>4 Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.</li></ol>

## Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

(iv) The following subsidiary companies are considered in the consolidated financial statements:				
Sr. No.	Name of the subsidiary company	Country of incorporation	Share of ownership interest as at	
			March 31, 2014	March 31, 2013
1	Shriram Equipment Finance Company Limited (w.e.f. December 15, 2009)	India	100%	100%
2	Shriram Automall India Limited (w.e.f. February 11, 2010)	India	100%	100%
As the amount involved in transactions with Shriram Insurance Broking Company Limited are not material, the financial effects have not been considered in the financial statements.				
(v) The details of associate company are as follows :				
Sr. No.	Name of the associate company	Country of incorporation	Share of ownership interest as at	
			March 31, 2014	March 31, 2013
	Shriram Asset Management Company Limited	India	-	40.00%
<b>2.1</b>	<b>Significant Accounting policies</b>			
<b>(a)</b>	<b>Current / Non-current classification of assets / liabilities</b>			
	The company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non current.			
<b>(b)</b>	<b>Use of estimates</b>			
	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.			
<b>(c)</b>	<b>Fixed assets, depreciation/amortisation and impairment</b>			
	<p><b>Tangible fixed assets</b></p> <p>Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial year of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use.</p>			

## Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

### Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are higher than or equal to the corresponding rates prescribed in Schedule XIV of the Act.

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Plant and equipment	10%	4.75%
Furniture and fixtures	10%	6.33%
Office equipments	10%	4.75%
Buildings	1.63%	1.63%
Computers	20%	16.21%
Vehicles	20%	9.50%

Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months. All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

### Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Particulars	Rates (SLM)
Computer software	33.33%
Trademarks	10.00%

Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

### Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in statement of profit and loss account, unless the same is carried at revalued amount and treated as revaluation reserve.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

<b>(d)</b>	<b>Investments</b>
	Investments intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.
<b>(e)</b>	<b>Provisioning / Write-off of assets</b>
	Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Delinquencies on assets securitised/assigned are provided for based on management estimates of the historical data. Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.
<b>(f)</b>	<b>Loans</b>
	Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the balance sheet date as reduced by the amounts received and loans securitised.
<b>(g)</b>	<b>Leases</b>
	<p><b>Where the company is the lessor</b> Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.</p> <p><b>Where the company is the lessee</b> Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.</p>
<b>(h)</b>	<b>Foreign currency translation</b>
	<p><b>Initial recognition</b> Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.</p> <p><b>Conversion</b> Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of the balance sheet.</p> <p><b>Exchange differences</b> All exchange differences are dealt with including differences arising on translation settlement of monetary items in the statement of profit and loss.</p> <p><b>Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability</b> The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange difference on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.</p>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

<b>(i)</b>	<b>Revenue recognition</b>
	<p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.</p> <p>i. Income from financing activities is recognised on the basis of internal rate of return on time proportion basis. Income from other charges are booked at the commencement of the contract. Service tax on charges/fees is collected by the Company as an intermediary and accordingly revenue is presented on net basis.</p> <p>ii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.</p> <p>iii. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.</p> <p>iv. Income apportioned on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' / agreements. Loss/Expenditure, if any, in respect of securitisation /direct assignment is recognised upfront.</p> <p>Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment.</p> <p>Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.</p> <p>v. Interest income on fixed deposits/margin money, call money, collateralised borrowing and lending obligation, certificate of deposits, pass through certificates, subordinate debts, government securities and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.</p> <p>vi. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.</p> <p>vii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.</p> <p>viii. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.</p> <p>ix. The revenue from sale of the used commercial vehicles is recognized after execution of the contract to sale and delivery of the vehicle to the buyer. Value added tax on sale of used commercial vehicle is collected by the company as an intermediary and accordingly revenue is presented on net basis.</p> <p>x. Income from services (for eg. facilitation fees) is recognized as per the terms of contracts on accrual basis.</p> <p>xi. Pre-mature Dealer payment discount is recognized as per the terms of the agreement.</p>
<b>(j)</b>	<b>Retirement and other employee benefits</b>
	<p><b>Provident fund</b></p> <p>All the employees of the group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The group has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the period in which service is received.</p>

## Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

	<p><b>Gratuity</b></p> <p>The group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under ‘The Payment of Gratuity Act, 1972’. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet Date using the Projected Unit Credit Method. The group fully contributes all ascertained liabilities to The Trustees- Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies. The group recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 ‘Employee Benefits’. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.</p> <p><b>Leave encashment</b></p> <p>Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/Losses are immediately taken to the statement of profit and loss and are not deferred.</p> <p>The group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.</p>
<b>(k)</b>	<p><b>Income tax</b></p> <p>Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.</p> <p>The un-recognised deferred tax assets are re-assessed by the group at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>

## Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

	<p>Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period i.e the period for which MAT credit is allowed to be carried forward. In the year in which the group recognises MAT credit as an asset in accordance with the guidance note on accounting for credit available in respect of MAT under the Income tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the group does not have convincing evidence that it will pay normal tax during the specified period.</p>
<b>(l)</b>	<p><b>Segment reporting policies</b></p> <p><i>Identification of segments:</i> The group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the group operate.</p> <p><i>Unallocated items:</i> Unallocated items include income and expenses which are not allocated to any reportable business segment.</p> <p><i>Segment policies :</i> The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.</p>
<b>(m)</b>	<p><b>Earnings per share</b></p> <p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.</p>
<b>(n)</b>	<p><b>Provisions</b></p> <p>A provision is recognised when the group has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.</p>
<b>(o)</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.</p>
<b>(p)</b>	<p><b>Equity shares and debentures issue expenses</b></p> <p>Expenses incurred on issue of equity shares are charged on a straight line basis over a period of 10 years.</p> <p>Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.</p> <p>Expenses incurred for private placement of debentures, are charged to statement of profit and loss in the year in which they are incurred.</p>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

<b>(q)</b>	<b>Borrowing costs</b>
	Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of profit & loss in the year in which they are incurred.
<b>(r)</b>	<b>Employee stock compensation costs</b>
	In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the compensation cost relating to employee stock options is measured and recognised using intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.
<b>(s)</b>	<b>Contingent liabilities</b>
	A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The group does not recognize a contingent liability but discloses its existence in the financial statements.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

(Rs. in lacs)

Note 3- Share capital	As at March 31, 2014	As at March 31, 2013
<p><b>Authorised</b>                      397,000,000 (March 31, 2013: 397,000,000) Equity Shares of Rs.10/- each                      20,000,000 (March 31, 2013: 20,000,000) Preference Shares of Rs.100/- each</p>	<p>39,700.00                      20,000.00</p>	<p>39,700.00                      20,000.00</p>
	<b>59,700.00</b>	<b>59,700.00</b>
<p><b>Issued and Subscribed share capital</b>                      226,936,877( March 31, 2013: 226,918,077) equity shares of Rs. 10/- each</p>	22,693.69	22,691.81
<p><b>Paid up (Fully paid up)</b>  <b>Equity Shares</b>                      226,882,736 (March 31, 2013: 226,863,936) equity shares of Rs. 10/- each</p>	22,688.27	22,686.39
	<b>22,688.27</b>	<b>22,686.39</b>
<p>48,000 equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)</p>	2.40	2.40
<b>Total</b>	<b>22,690.67</b>	<b>22,688.79</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.	As at March 31, 2014		As at March 31, 2013	
	Numbers of shares	Rs. in lacs	Numbers of shares	Rs. in lacs
Shares outstanding at the beginning of the year	226,863,936	22,686.39	226,300,568	22,630.06
Issued during the year - Employee stock option scheme [Refer Note 26]	18,800	1.88	62,500	6.25
Issued on account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 34]	-	-	500,868	50.08
<b>Shares outstanding at the end of the year</b>	<b>226,882,736</b>	<b>22,688.27</b>	<b>226,863,936</b>	<b>22,686.39</b>

**b. Terms/Rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2014, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 7.00 ( March 31, 2013 : Rs. 7.00). Out of the total dividend declared during the year ended March 31, 2014, amount of interim dividend paid was Rs. 3.00 per equity share ( March 31, 2013: Rs. 3.00) and amount of final dividend proposed was Rs. 4.00 per equity share ( March 31, 2013: Rs. 4.00).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

The company has reserved Nil (March 31, 2013: 18,800) equity shares for issue under employee stock option scheme 2005. During the year ended March 31, 2014, 18,800 equity shares were vested and exercised.

**d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The company has issued total 3,712,568 equity shares (March 31, 2013 : 4,069,968) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited as per note (f) given below.

**e. Details of shareholders holding more than 5% equity shares in the company**

Details of shareholding	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
<b>Equity shares of Rs. 10/- each</b>				
Shriram Capital Limited	59,103,162	26.05%	58,502,778	25.79%
Newbridge India Investment II Limited	-	-	22,847,468	10.07%
PHL Capital Private Limited	22,600,000	9.96%	-	-
Genesis Indian Investment Company Limited	13,648,064	6.02%	13,926,256	6.14%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

f. The Hon'ble Madras High Court sanctioned the Scheme of Arrangement for merger of Shriram Holdings (Madras) Private Limited (SHMPL) with the Company( 'the Scheme') and the Scheme came into effect from November 05,2012 when the Company filed the Scheme with the Registrar of Companies, Tamil Nadu, Chennai. Pursuant to the Scheme, the investment of SHMPL in the share capital of the Company viz. 93,371,512 fully paid-up Equity shares of Rs.10/- each stood cancelled and the Company issued and allotted 93,872,380 new Equity shares of Rs. 10/- each fully paid-up to the shareholders of SHMPL. This resulted into increase of Rs. 50.09 lacs in the paid-up capital of the Company with effect from November 05, 2012. The merger is effective from April 01, 2012 and the effect of the same is considered in the financial statements for the year ended March 31, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in lacs)

<b>Note 4- Reserves and surplus</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Capital reserve</b>		
Balance as per last account	2,761.83	17.03
Add: On account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 34]	-	2,744.80
<b>Closing balance</b>	<b>2,761.83</b>	<b>2,761.83</b>
<b>Capital redemption reserve</b>	<b>5,388.35</b>	<b>5,388.35</b>
<b>Securities Premium Account</b>		
Balance as per last account	175,442.36	175,322.02
Add: Addition on ESOPs exercised	4.70	15.62
Add: Transferred from stock options outstanding	34.00	104.72
<b>Closing balance</b>	<b>175,481.06</b>	<b>175,442.36</b>
<b>Debenture redemption reserve</b>		
Balance as per last account	30,180.03	52,136.12
Add: Transfer from surplus balance in the statement of profit and loss	19,370.76	15,815.26
Less: Transfer to statement of Profit and Loss on account of redemption	(8,215.35)	(23,461.58)
Less: Transfer to statement of Profit and Loss on account of revised guidelines *	-	(14,309.77)
<b>Closing balance</b>	<b>41,335.44</b>	<b>30,180.03</b>
<b>Stock option outstanding</b>		
Employee stock option outstanding	114.75	34.00
Less : Deferred employee compensation outstanding	(104.51)	(0.90)
<b>Closing balance</b>	<b>10.24</b>	<b>33.10</b>
<b>Other Reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	132,055.44	102,255.44
Add: Transfer from surplus balance in the statement of profit and loss	27,800.00	29,800.00
<b>Closing balance</b>	<b>159,855.44</b>	<b>132,055.44</b>
<b>General reserve</b>		
Balance as per last account	65,153.63	51,153.63
Add: Transfer from surplus balance in the statement of profit and loss	13,000.00	14,000.00
<b>Closing balance</b>	<b>78,153.63</b>	<b>65,153.63</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

<b>Note 4- Reserves and surplus</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Surplus in statement of Profit and Loss</b>		
Balance as per last account	300,083.21	194,088.13
Add: Profit for the current year	135,793.73	146,388.77
Add: Excess provision written back - tax on dividend	-	0.41
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(27,800.00)	(29,800.00)
Transfer to general reserve	(13,000.00)	(14,000.00)
Transfer to/from debenture redemption reserve	(11,155.41)	21,956.09
Interim dividend [amount per share Rs.3.00 (March 31, 2013: Rs. 3.00)]	(6,806.48)	(6,825.68)
Tax on interim dividend	(1,156.34)	(1,107.30)
Proposed final dividend [amount per share Rs. 4.00 (March 31, 2013: Rs. 4.00)]	(9,075.31)	(9,074.56)
Tax on proposed dividend	(1,542.35)	(1,542.22)
<b>Total appropriations</b>	<b>(70,535.89)</b>	<b>(40,393.67)</b>
<b>Net surplus in statement of Profit and Loss</b>	<b>365,341.05</b>	<b>300,083.64</b>
<b>Total</b>	<b>828,327.04</b>	<b>711,098.38</b>

\* As per General circular no 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs, Debenture Redemption Reserve required to maintained is revised to 25% from 50% , hence, the excess amount has been transferred back to the statement of Profit and Loss for the year ended March 31, 2013.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

Note 5- Long-term borrowings	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities*	Non-current portion	Current maturities*
Subordinated debts (Unsecured)	411,673.31	50,441.72	327,509.63	54,267.15
<b>Redeemable non-convertible debentures</b>				
Secured	894,320.18	458,217.08	886,877.87	357,691.41
Less: Unamortised discount	(145.65)	(1,194.02)	(2,120.34)	(2,284.03)
	894,174.53	457,023.06	884,757.53	355,407.38
Unsecured	2,150.00	79,580.00	81,730.00	47,380.00
Less: Unamortised discount	-	(110.08)	(110.08)	(784.49)
	2,150.00	79,469.92	81,619.92	46,595.51
Term loans from banks				
Unsecured	10,000.00	-	10,000.00	10,000.00
Secured	820,077.97	463,713.06	577,721.57	314,599.24
Fixed deposits (Unsecured)	192,410.45	38,011.76	68,220.02	66,418.28
Term loans from Financial institutions / Corporates				
Secured	65,700.00	38,800.00	54,500.00	27,000.00
Loans and advances from related parties				
Subordinated debts (Unsecured)				
from Associate	-	-	-	413.40
from Relative of Managing Director	1.10	-	0.30	-
Redeemable non-convertible debentures (Secured)				
from Associate	-	-	3.60	2.40
from Managing Director	4.38	-	-	-
from Relative of Managing Director	14.47	1.39	4.88	2.21
Fixed deposits (Unsecured)				
from Relative of Managing Director	2.09	-	-	1.02
<b>Total</b>	<b>2,396,208.30</b>	<b>1,127,460.91</b>	<b>2,004,337.45</b>	<b>874,706.59</b>

\* Amount disclosed under the Note 6 Other current liabilities

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**A) Subordinated debt -Unsecured**

**i)Privately placed subordinated debts of Rs. 100,000/- each**

Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	13,769.00	-	-	13,769.00
48-60 months	-	-	4,541.00	-	4,541.00
24-36 months	-	5,000.00	-	-	5,000.00
12-24 months	-	25,577.00	-	-	25,577.00
<b>Total</b>	-	<b>44,346.00</b>	<b>4,541.00</b>	-	<b>48,887.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>15,000.00</b>	<b>5,500.00</b>	-	<b>20,500.00</b>
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Terms of repayment as on March 31, 2013

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	13,769.00	4,541.00	-	18,310.00
36-48 months	-	5,000.00	-	-	5,000.00
24-36 months	-	25,577.00	-	-	25,577.00
12-24 months	-	15,000.00	5,500.00	-	20,500.00
<b>Total</b>	-	<b>59,346.00</b>	<b>10,041.00</b>	-	<b>69,387.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	-	<b>10,510.00</b>	-	<b>10,510.00</b>
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**ii)Privately placed subordinated debts of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	116,710.00	5,000.00	-	121,710.00
48-60 months	2,500.00	25,630.00	6,670.00	-	34,800.00
36-48 months	-	25,500.00	-	-	25,500.00
24-36 months	-	5,000.00	2,500.00	-	7,500.00
12-24 months	-	35,000.00	-	-	35,000.00
<b>Total</b>	<b>2,500.00</b>	<b>207,840.00</b>	<b>14,170.00</b>	-	<b>224,510.00</b>

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	100,890.00	11,670.00	-	112,560.00
48-60 months	-	25,500.00	-	-	25,500.00
36-48 months	-	5,000.00	2,500.00	-	7,500.00
24-36 months	-	35,000.00	-	-	35,000.00
<b>Total</b>	-	<b>166,390.00</b>	<b>14,170.00</b>	-	<b>180,560.00</b>

Current maturity

Upto 12 months	-	15,000.00	-	-	15,000.00
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iii) Privately placed subordinated debts of Rs. 1,000/- each

Terms of repayment as on March 31, 2014

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	65,695.12	-	-	65,695.12
48-60 months	5.40	47,109.29	-	-	47,114.69
36-48 months	1,481.88	6,589.06	-	-	8,070.94
24-36 months	46.99	3,487.45	-	-	3,534.44
12-24 months	-	5,551.41	0.50	-	5,551.91
<b>Total</b>	<b>1,534.27</b>	<b>128,432.33</b>	<b>0.50</b>	-	<b>129,967.10</b>

Current maturity

Upto 12 months	-	8,038.37	21,903.35	-	29,941.72
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Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	5.40	22,148.21	-	-	22,153.61
48-60 months	1,481.88	6,589.06	-	-	8,070.94
36-48 months	46.99	3,487.45	-	-	3,534.44
24-36 months	-	5,551.41	0.50	-	5,551.91
12-24 months	-	8,038.37	21,903.35	-	29,941.72
<b>Total</b>	<b>1,534.27</b>	<b>45,814.50</b>	<b>21,903.85</b>	-	<b>69,252.62</b>

Current maturity

Upto 12 months	-	22,400.37	6,770.18	-	29,170.55
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**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**iv) Public issue of subordinated debt of Rs. 1,000/- each (2010)-quoted**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on
Option -IV	10.41%	91.00	91.00	1-Jun-17
	10.81%	1,687.00	1,687.00	1-Mar-17
	11.25%	3,746.08	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17
<b>Total</b>		<b>8,310.31</b>	<b>8,310.31</b>	

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

(Rs. in lacs)

Total Subordinated debts	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	403,364.10	50,441.72	319,199.62	54,680.55
Public issue (iv)	8,310.31	-	8,310.31	-
<b>Total Subordinated debts</b>	<b>411,674.41</b>	<b>50,441.72</b>	<b>327,509.93</b>	<b>54,680.55</b>
Less: issued to related parties	1.10	-	0.30	413.40
<b>Total</b>	<b>411,673.31</b>	<b>50,441.72</b>	<b>327,509.63</b>	<b>54,267.15</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**B) Non-convertible debenture (NCD) -Secured**

**i) Privately placed redeemable non-convertible debentures of Rs. 1,000/- each**

**Terms of repayment as on March 31, 2014**

**Long term borrowing**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	>= 16%	
48-60 months	-	1,978.33	-	-	-	1,978.33
36-48 months	-	9,385.75	939.52	-	-	10,325.27
24-36 months	1.84	47,445.47	719.40	0.88	-	48,167.59
12-24 months	2,584.05	137,415.90	-	792.92	-	140,792.87
<b>Total</b>	<b>2,585.89</b>	<b>196,225.45</b>	<b>1,658.92</b>	<b>793.80</b>	<b>-</b>	<b>201,264.06</b>

**Current maturity**

<b>upto 12 months</b>	<b>8,736.18</b>	<b>100,014.14</b>	<b>6.40</b>	<b>311.80</b>	<b>-</b>	<b>109,068.52</b>
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**Terms of repayment as on March 31, 2013**

**Long term borrowing**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	>= 16%	
48-60 months	-	8,613.59	939.52	-	-	9,553.11
36-48 months	1.84	6,534.46	719.88	0.88	-	7,257.06
24-36 months	1,669.55	136,832.48	-	792.92	-	139,294.95
12-24 months	3,637.90	100,192.44	6.40	311.80	-	104,148.54
<b>Total</b>	<b>5,309.29</b>	<b>252,172.97</b>	<b>1,665.80</b>	<b>1,105.60</b>	<b>-</b>	<b>260,253.66</b>

**Current maturity**

<b>Upto 12 months</b>	<b>46,737.79</b>	<b>29,109.31</b>	<b>1,582.89</b>	<b>282.32</b>	<b>0.48</b>	<b>77,712.79</b>
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**Nature of security**

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

\* Amount pertains to debentures issued prior to notification of the RBI Circular DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(ii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2014

Long term borrowing ( gross of unamortised discount on debenture of Rs. 145.65 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10% ^	>= 10% < 12% *^¥	>= 12% < 14%	>= 14% < 16%	>= 16%	
Over 60 months	5,960.00	120,920.00	-	-	-	126,880.00
48-60 months	1,500.00	17,500.00	-	-	-	19,000.00
36-48 months^	3,800.00	76,000.00	-	-	-	79,800.00
24-36 months*^¥	7,750.00	123,805.00	-	-	-	131,555.00
12-24 months^	6,600.00	43,800.00	-	-	-	50,400.00
<b>Total</b>	<b>25,610.00</b>	<b>382,025.00</b>	-	-	-	<b>407,635.00</b>

\* Includes 2 NCDs of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

^NCDs amounting to Rs. 4,700.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 1,194.02 lacs )

upto 12 months*^¥	67,110.00	246,365.00	-	-	-	313,475.00
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\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCDs amounting to Rs. 22,350.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	625.00	13-Aug-14
2	10.00%	15,000.00	6-Aug-14
3	10.30%	20,000.00	20-Jul-14
4	9.35%	15,000.00	23-Jun-14
5	9.35%	5,000.00	23-Jun-14
6	9.75%	2,500.00	25-Apr-14
<b>Total</b>		<b>58,125.00</b>	

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**Terms of repayment as on March 31, 2013**

**Long term borrowing( gross of unamortised discount on debenture of Rs. 2,120.34 lacs )**

**(Rs. in lacs)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10% <sup>^</sup>	>= 10% < 12% <sup>*^</sup> ₹	>= 12% < 14%	>= 14% < 16%	>= 16%	
48-60 months <sup>*^</sup>	3,800.00	76,000.00	-	-	-	<b>79,800.00</b>
36-48 months <sup>^</sup> ₹	750.00	38,125.00	-	-	-	<b>38,875.00</b>
24-36 months <sup>^</sup>	47,100.00	72,580.00	-	-	-	<b>119,680.00</b>
12-24 months <sup>^</sup> ₹	39,010.00	168,585.00	-	-	-	<b>207,595.00</b>
<b>Total</b>	<b>90,660.00</b>	<b>355,290.00</b>	-	-	-	<b>445,950.00</b>

\* Includes 2 NCDs of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

<sup>^</sup>NCDs amounting to Rs. 25,550.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**₹ Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
2	10.50%	625.00	13-Aug-14
3	10.30%	20,000.00	20-Jul-14
<b>Total</b>		<b>21,250.00</b>	

**Current maturity( gross of unamortised discount on debenture of Rs. 2,284.03 lacs )**

<b>upto 12 months<sup>^</sup>₹</b>	<b>19,510.00</b>	<b>187,110.00</b>	<b>31,000.00</b>	-	-	<b>237,620.00</b>
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<sup>^</sup>NCDs amounting to Rs. 19,410.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**₹ Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	10.30%	31,000.00	6-Jan-14
2	9.20%	30,000.00	24-Jun-13
3	9.00%	20,000.00	2-May-13
4	10.00%	15,000.00	25-Apr-13
5	9.75%	18,000.00	6-Aug-13
6	10.53%	20,000.00	27-Mar-14
<b>Total</b>		<b>134,000.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(iii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each**  
**Terms of repayment as on March 31, 2014**

**Long term borrowing( gross of unamortised discount on debenture of Rs. Nil)**

Long term borrowing is Rs. Nil as on March 31, 2014

**Current maturity** **(Rs. in lacs)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	>= 16%	
upto 12 months*	-	1,600.00	-	-	-	1,600.00

\*Partly paid to the extent of Rs. 100,000/-

**Terms of repayment as on March 31, 2013**

**Long term borrowing( gross of unamortised discount on debenture of Rs. Nil)**

Long term borrowing is Rs. Nil as on March 31, 2013

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2013

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**iv) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each -(2009)**

**Terms of repayment**

**Long term borrowing** **(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.00%	-	1,464.79	26-Aug-14	-
	11.25%	-	280.18	26-Aug-14	-
Option -II	11.25%	-	1,096.49	26-Aug-14	-
	11.50%	-	378.43	26-Aug-14	-
<b>Total</b>		-	<b>3,219.89</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**Terms of repayment**

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.00%	1,484.62	-	26-Aug-14	-
	11.25%	260.36	-	26-Aug-14	-
	11.00%	-	2,929.58	26-Aug-13	-
	11.25%	-	560.36	26-Aug-13	-
Option -II	11.25%	1,123.20	-	26-Aug-14	-
	11.50%	351.72	-	26-Aug-14	-
	11.25%	-	2,192.99	26-Aug-13	-
	11.50%	-	756.85	26-Aug-13	-
Option -III	11.03%	-	10,422.51	1-Oct-13	-
	11.03%	7,508.65	-	26-Aug-14	-
Option -IV	11.00%	-	2,274.12	1-Oct-13	-
	11.00%	999.10	-	26-Aug-14	-
<b>Total</b>		<b>11,727.64</b>	<b>19,136.42</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The funds raised from the public issue of 9,999,996 secured NCD aggregating to Rs. 99,999.96 lacs have been utilised, after meeting the expenditure of and related to the public issue, for various financing activities of the Company including lending, investments and repayment of borrowings.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 4,215.23 lacs on 12-Mar-2010 and Rs. 3,000.00 lacs on 27-March-2012 , Rs. 23,505.26 lacs on 28-March-2012 and as per the terms of the issue Rs. 46,923.16 lacs and Rs. 6,439.79 lacs were redeemed on 26-August-2012 and 26-August-2013 respectively.

Put options were exercised for option III and IV on 26-August-2013 and Rs. 2,913.86 lacs and Rs. 1,275.02 lacs respectively were paid on 1-October-2013 in compliance with the terms of issue.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**v) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2010)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	9.00%	1,424.68	-	1-Jun-15	-
	9.50%	3,918.55	-	1-Jun-15	-
	9.75%	1,160.60	-	1-Jun-15	-
	10.00%	231.60	-	1-Jun-15	-
Option -II	9.50%	897.03	897.03	1-Jun-17	1-Jun-15
	10.00%	832.20	832.20	1-Jun-17	1-Jun-15
	10.25%	3,802.59	3,741.65	1-Jun-17	1-Jun-15
	10.50%	722.54	783.48	1-Jun-17	1-Jun-15
Option -III	9.75%	808.45	808.45	1-Jun-15	-
	10.25%	785.68	785.68	1-Jun-15	-
	10.50%	1,756.76	1,717.73	1-Jun-15	-
	10.75%	385.28	424.31	1-Jun-15	-
	9.75%	-	1,616.90	1-Jun-14	-
	10.25%	-	1,571.36	1-Jun-14	-
	10.50%	-	3,435.46	1-Jun-14	-
	10.75%	-	848.62	1-Jun-14	-
<b>Total</b>		<b>16,725.96</b>	<b>17,462.87</b>		

**Terms of repayment**

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	9.00%	-	3,398.67	1-Jun-15	1-Jun-13
	9.50%	-	10,495.95	1-Jun-15	1-Jun-13
	9.75%	-	1,496.49	1-Jun-15	1-Jun-13
	10.00%	-	363.36	1-Jun-15	1-Jun-13
Option -III	9.75%	-	1,616.90	1-Jun-13	-
	10.25%	-	1,571.36	1-Jun-13	-
	10.50%	-	3,435.46	1-Jun-13	-
	10.75%	-	848.62	1-Jun-13	-
	9.75%	1,616.90	-	1-Jun-14	-
	10.25%	1,571.36	-	1-Jun-14	-
	10.50%	3,513.52	-	1-Jun-14	-
	10.75%	770.56	-	1-Jun-14	-
<b>Total</b>		<b>7,472.34</b>	<b>23,226.81</b>		

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 1,000.00 lacs on 14-July-2011 and as per the terms of the issue Rs. 7,472.34 lacs were redeemed on 1-June-2013.

Put options were exercised for option I on 1-June-2013 and Rs. 9,019.04 lacs were paid on 5-July-2013 in compliance with the terms of issue.

**vi) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each-(2011)**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.60%	53,470.83	53,470.83	11-Jul-16	12-Jul-15
	11.35%	24,313.78	24,313.78	11-Jul-16	12-Jul-15
	11.10%	7,340.36	7,340.36	11-Jul-16	12-Jul-15
Option -II	11.35%	-	3,462.05	11-Jul-14	-
	11.10%	-	3,173.19	11-Jul-14	-
	11.00%	-	8,239.72	11-Jul-14	-
<b>Total</b>		<b>85,124.97</b>	<b>99,999.93</b>		

**Terms of repayment**

**Current maturity**

**(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -II	11.35%	3,462.05	-	11-Jul-14	-
	11.10%	3,173.19	-	11-Jul-14	-
	11.00%	8,239.72	-	11-Jul-14	-
<b>Total</b>		<b>14,874.96</b>	<b>-</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**vii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2012)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.15%	8,569.28	8,518.92	9-Aug-15	-
	10.25%	14,894.88	14,945.24	9-Aug-15	-
Option -II	11.40%	13,423.10	14,236.98	9-Aug-17	-
	10.50%	12,788.11	11,974.23	9-Aug-17	-
Option -III	11.15%	3,725.06	3,738.41	9-Aug-15	-
	10.25%	161.04	147.69	9-Aug-15	-
Option -IV	11.40%	6,315.11	6,356.94	9-Aug-17	-
	10.50%	123.42	81.59	9-Aug-17	-
<b>Total</b>		<b>60,000.00</b>	<b>60,000.00</b>		

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**viii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-1**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	10.90%	12,829.17	-	1-Aug-16	-
	9.65%	13,568.20	-	1-Aug-16	-
Option -II	11.15%	11,586.22	-	31-Jul-17	-
	9.80%	3,356.06	-	31-Jul-17	-
	11.15%	11,586.22	-	31-Jul-18	-
	9.80%	3,356.07	-	31-Jul-18	-
Option -III	10.63%	5,797.30	-	31-Jul-18	-
	9.40%	104.42	-	31-Jul-18	-
Option -IV	10.90%	6,075.57	-	1-Aug-16	-
	9.65%	43.60	-	1-Aug-16	-
Option -V	11.15%	2,637.50	-	31-Jul-17	-
	9.80%	5.61	-	31-Jul-17	-
	11.15%	2,637.50	-	31-Jul-18	-
	9.80%	5.60	-	31-Jul-18	-
<b>Total</b>		<b>73,589.04</b>	-		-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 73,589.04 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**ix) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.25%	7,762.63	-	24-Oct-16	-
	10.75%	19,373.21	-	24-Oct-16	-
Option -II	11.50%	3,164.51	-	24-Oct-18	-
	10.75%	7,489.01	-	24-Oct-18	-
Option -III	11.75%	4,734.26	-	24-Oct-20	-
	10.75%	3,023.29	-	24-Oct-20	-
Option -IV	11.25%	2,253.65	-	24-Oct-16	-
	10.75%	11.95	-	24-Oct-16	-
Option -V	11.50%	809.97	-	24-Oct-18	-
	10.75%	5.00	-	24-Oct-18	-
Option -VI	11.75%	1,370.42	-	24-Oct-20	-
	10.75%	2.10	-	24-Oct-20	-
<b>Total</b>		<b>50,000.00</b>	-		

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 50,000.00 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in lacs)

Total non-convertible debentures- secured	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	608,899.06	424,143.52	706,203.65	315,332.79
Public issue (iv+v+vi+vii+viii+ix)	285,439.97	34,074.95	180,682.70	42,363.23
<b>Total non-convertible debentures- secured</b>	<b>894,339.03</b>	<b>458,218.47</b>	<b>886,886.35</b>	<b>357,696.02</b>
Less: issued to related parties	18.85	1.39	8.48	4.61
<b>Total</b>	<b>894,320.18</b>	<b>458,217.08</b>	<b>886,877.87</b>	<b>357,691.41</b>

**C) Redeemable non-convertible debentures (NCD)- Unsecured**

**i) Privately placed Unsecured Redeemable non-convertible debentures of Rs. 1,000,000/- each**

**Terms of repayment as on March 31, 2014**

**Long term borrowing ( gross of unamortised discount on debenture of Rs. Nil )**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%^	Total
12-24 months^	-	2,150.00	2,150.00
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Terms of repayment as on March 31, 2014**

**Current maturity ( gross of unamortised discount on debenture of Rs. 110.08 lacs )**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^¥	>=10% <12%^¥	Total
Upto 12 months^¥	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>56,830.00</b>	<b>79,580.00</b>

^NCDs amounting to Rs. 23,170.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**¥ Out of the above NCDs having put/call option are as under**

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.07%	25,000.00	30-Apr-14
<b>Total</b>		<b>25,000.00</b>	

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Terms of repayment as on March 31, 2013**

**Long term borrowing**

**( gross of unamortised discount on debenture of Rs. 110.08 lacs ) (Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%¥	Total
24-36 months^	-	2,150.00	2,150.00
12-24 months^¥	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>58,980.00</b>	<b>81,730.00</b>

^NCDs amounting to Rs. 25,320.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**¥ Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	10.07%	25,000.00	1-May-13
<b>Total</b>		<b>25,000.00</b>	

**Terms of repayment as on March 31, 2013**

**Current maturity**

**( gross of unamortised discount on debenture of Rs. 784.49 lacs ) (Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^¥	>=10% <12%^	Total
upto 12 months^¥	22,280.00	25,100.00	47,380.00
<b>Total</b>	<b>22,280.00</b>	<b>25,100.00</b>	<b>47,380.00</b>

^NCDs amounting to Rs. 27,900.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**¥ Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	9.59%	20,000.00	24-Mar-14
<b>Total</b>		<b>20,000.00</b>	

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**D) Term loan from bank- Unsecured**

As at March 31, 2014

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	14.00%	Bullet	10,000.00	-
<b>Total</b>			<b>10,000.00</b>	<b>-</b>

As at March 31, 2013

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	14.00%	Bullet	10,000.00	-
Upto 12 months	10.00%	Bullet	-	10,000.00
<b>Total</b>			<b>10,000.00</b>	<b>10,000.00</b>

**E) Term loans from banks -Secured**

As at March 31, 2014

Terms of repayment

Long term borrowing

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.50% to 11.20%	10 to 48 installments of monthly, quarterly and half yearly frequency	133,988.69	34,500.00
36-48 months	10.35% to 11.25%	5 to 48 installments of monthly, quarterly, half yearly and yearly frequency	322,582.86	121,668.67
24-36 months	10.00% to 11.75%	1 to 60 installments of bullet, monthly, quarterly, half yearly and yearly frequency	280,099.49	150,130.96
12-24 months (* refer security details)	9.00% to 12.25%	1 to 60 installments of bullet, monthly, quarterly and half yearly frequency	83,406.93	74,369.34
Upto 12 months	9.75% to 12.75%	1 to 48 installments of bullet, monthly and quarterly frequency	-	83,044.09
<b>Total</b>			<b>820,077.97</b>	<b>463,713.06</b>

(Rs. in lacs)

Nature of security	As at March 31, 2014
a) * includes secured by hypothecation of vehicles for own use	2.91
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,283,788.12
<b>Total</b>	<b>1,283,791.03</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**As at March 31, 2013**

**Terms of repayment**

**Long term borrowing**

				<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
48-60 months	10.35% to 10.75%	5 to 20 installments of quarterly and yearly frequency	138,999.95	36,000.00
36-48 months	10.35% to 11.75%	1 to 60 installments of bullet, monthly, quarterly and half yearly frequency	235,122.58	81,607.14
24-36 months (* refer security details)	9.00% to 12.50%	1 to 60 installments of bullet, monthly, quarterly and half yearly frequency	124,187.29	45,435.99
12-24 months	9.50% to 13.00%	1 to 48 installments of bullet, monthly, quarterly, half yearly and yearly frequency	79,411.75	35,701.00
Upto 12 months	9.00% to 13.75%	1 to 48 installments of bullet, monthly, quarterly, half yearly and yearly frequency	-	115,855.11
<b>Total</b>			<b>577,721.57</b>	<b>314,599.24</b>

		<b>(Rs. in lacs)</b>
<b>Nature of security</b>		<b>As at March 31, 2013</b>
a) * includes secured by hypothecation of vehicles for own use		5.18
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans		892,315.63
<b>Total</b>		<b>892,320.81</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**F) Fixed deposits- Unsecured -Refer Note 28**  
**Terms of repayment as on March 31, 2014**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		
	< 10%	>= 10% < 12%	Total
48-60 months	-	9,075.19	9,075.19
36-48 months	-	5,968.13	5,968.13
24-36 months	0.02	134,125.09	134,125.11
12-24 months	14,325.65	28,918.46	43,244.11
<b>Total</b>	<b>14,325.67</b>	<b>178,086.87</b>	<b>192,412.54</b>

**Current maturity**

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		
	< 10%	>= 10% < 12%	Total
<b>Upto 12 months</b>	<b>19,502.62</b>	<b>18,509.14</b>	<b>38,011.76</b>

**Terms of repayment as on March 31, 2013**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		
	< 10%	>= 10% < 12%	Total
48-60 months	-	4,424.72	4,424.72
36-48 months	-	5,711.40	5,711.40
24-36 months	7,678.53	28,948.08	36,626.61
12-24 months	2,684.84	18,772.45	21,457.29
<b>Total</b>	<b>10,363.37</b>	<b>57,856.65</b>	<b>68,220.02</b>

**Current maturity**

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		
	< 10%	< 10%	
<b>Upto 12 months</b>	<b>55,005.29</b>	<b>11,414.01</b>	<b>66,419.30</b>

(Rs. in lacs)

Total Fixed deposits	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
<b>Total Fixed deposits</b>	192,412.54	38,011.76	68,220.02	66,419.30
Less: issued to related parties	2.09	-	-	1.02
<b>Total</b>	<b>192,410.45</b>	<b>38,011.76</b>	<b>68,220.02</b>	<b>66,418.28</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**G) Term Loan from financial institution/corporates -Secured**

**As at March 31, 2014**

**Long term borrowing**

**Terms of repayment**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
36-48 months	11.10%	20 installments of quarterly frequency	27,500.00	10,000.00
24-36 months	10.50%	11 installments of quarterly frequency	33,200.00	16,800.00
12-24 months	11.00%	10 installments of quarterly frequency	5,000.00	12,000.00
<b>Total</b>			<b>65,700.00</b>	<b>38,800.00</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**As at March 31, 2013**

**Long term borrowing**

**Terms of repayment**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
48-60 months	11.10%	20 installments of quarterly frequency	37,500.00	10,000.00
24-36 months	11.00%	11 installments of quarterly frequency	17,000.00	12,000.00
upto 12 months	9.25%	Bullet	-	5,000.00
<b>Total</b>			<b>54,500.00</b>	<b>27,000.00</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**(Rs. in lacs)**

<b>Total Long-term borrowings</b>	<b>As at March 31, 2014</b>		<b>As at March 31, 2013</b>	
	<b>Non-current portion</b>	<b>Current maturities</b>	<b>Non-current portion</b>	<b>Current maturities</b>
Secured borrowings	1,779,971.35	959,537.51	1,516,987.58	697,011.23
Unsecured borrowings	616,236.95	168,033.48	487,349.87	177,695.36
<b>Total Long-term borrowings</b>	<b>2,396,208.30</b>	<b>1,127,570.99</b>	<b>2,004,337.45</b>	<b>874,706.59</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

(Rs. in lacs)

Note 6-Other liabilities	As at March 31, 2014		As at March 31, 2013	
	Long term	Short term	Long term	Short term
Creditors other than Micro, Small and Medium Enterprises				
- for fixed assets	-	1.55	-	14.18
Current maturities of long term debts [Refer Note 5]	-	1,127,460.91	-	874,706.59
Interest accrued but not due on loans	48,907.46	103,501.11	57,765.97	83,952.03
Application money on redeemable non convertible debentures	-	-	2,109.76	-
Application money on Subordinated debts	-	-	311.59	-
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	773.97	-	629.22
- Unclaimed matured deposits and interest accrued thereon	-	4,496.26	-	1,246.86
- Unclaimed matured debentures and interest accrued thereon	-	6,324.62	-	5,402.65
- Unclaimed matured subordinate debts and interest accrued thereon	-	6,295.16	-	3,752.38
Temporary credit balance in bank accounts	-	4,103.99	-	75,467.00
Tax deducted at Source	-	1,783.12	-	1,544.59
Service tax payable	-	71.64	-	31.43
Statutory dues pertaining to employees	-	389.07	-	322.04
Value Added Tax	-	412.34	-	412.34
Works contract tax payable	-	1.41	-	-
Unrealised gain on securitisation*	35,842.13	78,270.16	57,403.45	130,594.91
Retention and others	14,059.78	-	12,788.89	-
<b>Total</b>	<b>98,809.37</b>	<b>1,333,885.31</b>	<b>130,379.66</b>	<b>1,178,076.22</b>

\* Includes realised gain on premium structure securitization / assignment deals amounting to Rs. 155.31 lacs (March 31, 2013: Rs. 3,455.73 lacs) - Also refer note 2.1 (i) (iv).

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

(Rs. in lacs)

Note 7- Provisions	As at March 31, 2014		As at March 31, 2013	
	Long term	Short term	Long term	Short term
<b>For employee benefits</b>				
For gratuity	-	54.91	1,782.83	145.10
For leave encashment and availment	-	1,736.79	-	1,525.69
<b>For Others</b>				
For non-performing assets	117,444.39	-	81,629.86	-
For standard assets [ Refer note (e) of note 2.1]	5,485.89	4,390.41	4,902.01	3,614.80
For service tax- contested	-	8,793.99	-	8,778.18
For credit loss on securitisation	7,370.36	-	27,597.37	-
For income tax [net of advance tax Rs. 167,466.56 lacs (March 31, 2013: Rs. 167,208.27 lacs)]	-	4,566.31	-	4,543.16
Proposed dividend	-	9,075.31	-	9,074.56
Corporate dividend tax	-	1,542.35	-	1,542.22
<b>Total</b>	<b>130,300.64</b>	<b>30,160.07</b>	<b>115,912.07</b>	<b>29,223.71</b>

(Rs. in lacs)

Note 8-Short term borrowings	As at March 31, 2014		As at March 31, 2013	
<b>Secured</b>				
Redeemable non convertible debentures		43,400.00		74,750.00
Term loans				
i) From banks		194,799.86		183,800.00
ii) From financial institutions / corporates		10,000.00		-
Unsecured Redeemable debenture		-		25,000.00
<b>Loans repayable on demand (Secured)</b>				
Cash credit		51,101.46		124,525.36
Working capital demand loan from banks		22,500.00		14,452.00
<b>Unsecured</b>				
Term loan from banks		2,200.00		-
Commercial papers from other than banks		16,000.00		37,500.00
Less: unamortized discount		(623.41)		(446.26)
		15,376.59		37,053.74
<b>Total</b>		<b>339,377.91</b>		<b>459,581.10</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

- a) **Non convertible debenture (NCD) -Secured**  
 i) **Privately placed redeemable Non-convertible debenture of Rs. 1,000,000/- each**  
**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	$\geq 10\%$ $< 12\%$ ₹	Total
Upto 12 months	42,400.00	42,400.00

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.95%	30,000.00	26-Sep-14
2	10.72%	7,500.00	24-Sep-14
3	10.72%	2,500.00	24-Sep-14
<b>Total</b>		<b>40,000.00</b>	

**Terms of repayment as on March 31, 2013**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	$< 10\%$	Total
Upto 12 months	74,750.00	74,750.00

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

- (ii) **Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each**

**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	$\geq 10\%$ $< 12\%$ *₹	Total
Upto 12 months	1,000.00	1,000.00

\*Partly paid to the extent of Rs. 1,00,000/-

₹ Out of the above NCDs having put/call option are as under

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	1,000.00	19-Aug-14

**Terms of repayment as on March 31, 2013**

NCD outstanding is Rs. Nil

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**b) Term loans from bank -Secured**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	9.75 % to 11.25%	Bullet	194,799.86
<b>Total</b>			<b>194,799.86</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed current assets relating to hypothecation loans

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2013</b>
Upto 12 months	9.90 % to 10.35%	Bullet	183,800.00
<b>Total</b>			<b>183,800.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed current assets relating to hypothecation loans

**c) Term loans from financial institution -Secured**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	10.25%	Bullet	10,000.00
<b>Total</b>			<b>10,000.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Terms of repayment**

Term loans from financial institution outstanding is Rs. Nil as on March 31, 2013.

**d) Redeemable non-convertible debentures (NCD)- Unsecured**

**Privately placed unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each**

**Terms of repayment**

Redeemable non-convertible debentures (NCD)- Unsecured outstanding is Rs. Nil as on March 31, 2014.

**Terms of repayment as on March 31, 2013**

<b>Redeemable at par within</b>	<b>Rate of interest</b>		<b>(Rs. in lacs)</b>
	<b>&lt; 10%</b>	<b>&gt;=10% &lt;12%</b>	<b>Total</b>
Upto 12 months	25,000.00	-	25,000.00
<b>Total</b>	<b>25,000.00</b>	<b>-</b>	<b>25,000.00</b>

**e) Cash Credit from bank**

	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Secured by hypothecation of specific assets covered under hypothecation loan agreements	51,101.46	124,525.36
<b>Total</b>	<b>51,101.46</b>	<b>124,525.36</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**f) Working capital demand Loan -Secured**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	9.75 % to 11.50%	Bullet	22,500.00
<b>Total</b>			<b>22,500.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2013</b>
Upto 12 months	9.75 % to 11.50%	Bullet	14,452.00
<b>Total</b>			<b>14,452.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

**g) Term loans from bank -Unsecured**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	9.75%	Bullet	2,200.00
<b>Total</b>			<b>2,200.00</b>

**Terms of repayment**

Term loans from bank outstanding is Rs. Nil as on March 31, 2013.

**h) Commercial paper**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	10.20 % to 10.35 %	Bullet	16,000.00
<b>Total</b>			<b>16,000.00</b>

**Note**

1.) The amount of commercial paper is disclosed at gross value. The amount of unamortised discount on commercial paper is Rs. 623.41 lacs.

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As on March 31, 2013</b>
Upto 12 months	8.96 % to 9.90 %	Bullet	37,500.00
<b>Total</b>			<b>37,500.00</b>

**Note**

1.) The amount of commercial paper is disclosed at gross value. The amount of unamortised discount on commercial paper is Rs. 446.26 lacs.

2.) The Company has bought back commercial paper of Rs. 25,000.00 lacs on February 11, 2013.

<b>(Rs. in lacs)</b>		
<b>Total Short-term borrowings</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Secured borrowings	321,801.32	397,527.36
Unsecured borrowings	17,576.59	62,053.74
<b>Total Short-term borrowings</b>	<b>339,377.91</b>	<b>459,581.10</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Note 9 - Fixed assets**

(Rs. in lacs)

Particulars	Tangible fixed assets							Intangible assets			
	Land - freehold	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total Tangible fixed assets	Trademarks	Computer software	Total Intangible assets
<b>Gross block</b>											
As at April 1, 2012	10.69	526.03	4,297.69	192.22	1,346.89	146.43	5,041.36	11,561.31	4.64	1,079.91	1,084.55
Additions	0.58	-	2,308.57	49.61	424.41	-	1,328.96	4,112.13	-	204.99	204.99
Deletions	-	-	363.53	17.55	86.00	60.52	385.10	912.70	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	<b>11.27</b>	<b>526.03</b>	<b>6,242.73</b>	<b>224.28</b>	<b>1,685.30</b>	<b>85.91</b>	<b>5,985.22</b>	<b>14,760.74</b>	<b>4.64</b>	<b>1,284.90</b>	<b>1,289.54</b>
Additions	4,449.52	-	2,923.06	92.82	753.08	0.10	3,433.08	11,651.66	-	95.77	95.77
Deletions	-	138.48	276.77	12.77	116.28	4.22	481.83	1,030.35	-	-	-
Adjustment	-	254.20	54.19	-	58.33	-	(734.89)	(368.17)	-	-	-
<b>As at March 31, 2014</b>	<b>4,460.79</b>	<b>641.75</b>	<b>8,943.21</b>	<b>304.33</b>	<b>2,380.43</b>	<b>81.79</b>	<b>8,201.58</b>	<b>25,013.88</b>	<b>4.64</b>	<b>1,380.67</b>	<b>1,385.31</b>
<b>Depreciation</b>											
As at April 1, 2012	-	119.26	2,293.10	100.86	694.90	93.33	3,252.10	6,553.55	0.74	725.38	726.12
Charge for the year	-	8.58	832.45	27.14	308.79	6.42	822.52	2,005.91	0.46	262.56	263.02
Deletions	-	-	270.17	8.45	63.22	30.62	348.10	720.56	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	<b>-</b>	<b>127.84</b>	<b>2,855.38</b>	<b>119.55</b>	<b>940.47</b>	<b>69.13</b>	<b>3,736.52</b>	<b>7,838.89</b>	<b>1.20</b>	<b>987.93</b>	<b>989.13</b>
Charge for the year	-	8.82	1,226.66	44.02	522.84	5.28	1,288.80	3,096.42	0.46	179.20	179.66
Deletions	-	41.48	219.09	8.29	85.41	4.01	461.55	819.83	-	-	-
Adjustment	-	-	-	-	-	-	(368.17)	(368.17)	-	-	-
<b>As at March 31, 2014</b>	<b>-</b>	<b>95.18</b>	<b>3,862.95</b>	<b>155.28</b>	<b>1,377.90</b>	<b>70.40</b>	<b>4,185.60</b>	<b>9,747.31</b>	<b>1.66</b>	<b>1,167.13</b>	<b>1,168.79</b>
<b>Net block</b>											
As at March 31, 2013	11.27	398.19	3,387.35	104.73	744.83	16.78	2,258.70	6,921.85	3.44	296.98	300.42
As at March 31, 2014	4,460.79	546.57	5,080.26	149.05	1,002.53	11.39	4,015.98	15,266.57	2.98	213.54	216.52

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Note 9 - Fixed assets**

**(Rs. in lacs)**

<b>Depreciation and amortisation</b>	<b>Year ended</b>	
	<b>March 31, 2014</b>	<b>March 31, 2013</b>
on tangible assets	3,096.42	2,005.90
on intangible assets	179.66	263.02
on investment property	2.33	2.32
<b>Total</b>	<b>3,278.41</b>	<b>2,271.24</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Note 10 - Non-current investments**

**(Rs. in lacs)**

	<b>Non-current Investments</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>1</b>	Investment property (net of depreciation)	197.47	199.78
<b>2</b>	Non trade :		
<b>A. a)</b>	Investment in Equity shares-quoted	-	374.34
<b>A. b)</b>	Investment in Equity shares-unquoted	65.00	207.50
<b>A. c)</b>	Investment in Preference shares	-	100.00
<b>B.</b>	Investment in Government securities	33,089.48	23,778.57
<b>C.</b>	Investment in Subordinated debts	5,000.00	5,000.00
<b>D.</b>	Investment in Venture capital fund	1,453.04	873.15
	Less : Aggregate provision for diminution in value of investments	(25.00)	(167.50)
	<b>Total</b>	<b>39,779.99</b>	<b>30,365.84</b>

**(Rs. in lacs)**

	<b>Particulars</b>	<b>Face value (Rs.)</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
			<b>As at March 31, 2014</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2013</b>
<b>1</b>	<b>Investment property</b> (at cost less accumulated depreciation)					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			14.19		11.88
	<b>Net Block</b>			<b>197.47</b>		<b>199.78</b>
<b>2</b>	<b>Non trade</b> (valued at cost unless stated otherwise)					
<b>A.</b>	<b>Shares : Fully paid up</b>					
	<b>a) Quoted - Equity shares</b>					
	<b>Investment in associates</b>					
	Shriram Asset Management Company Limited (40% Share) #	10	-	-	2,400,000	240.00
	Add: Share of post acquisition profit (including Rs. Nil of Goodwill net of Capital Reserve arising on consolidation) (Sold during the year)			-		134.34
				-		374.34
	<b>b) Unquoted - Equity shares</b>					
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited	10	25,000	-	25,000	-
	[At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2013: Rs. 25.00 lacs) ]					
	Ashley Transport Services Limited	100	-	-	225,000	-

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in lacs)						
Particulars	Face value (Rs.)	Quantity	Amount	Quantity	Amount	
		As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013	
(Company dissolved during the year) [At cost less provision for other than temporary diminution in value of Rs. Nil (March 31, 2013: Rs. 142.50 lacs)]						
<b>c) Unquoted - Preference shares</b>						
<b>Investment in associates</b>						
Shriram Asset Management Company Limited (Sold 100,000 shares of Rs. 100/- each during the year)	100	-	-	100,000	100.00	
<b>B. Quoted-Government securities</b>						
6.13% GOI Loan 2028	100	176,000	177.47	176,000	177.57	
6.35% GOI Loan 2020	100	2,500,000	2,385.64	2,500,000	2,365.79	
6.49% GOI Loan 2015	100	500,000	495.73	500,000	492.13	
6.90% GOI Loan 2019	100	5,000,000	4,793.75	5,000,000	4,754.74	
7.02% GOI Loan 2016	100	400,000	397.02	400,000	395.77	
7.80% GOI Loan 2020	100	2,500,000	2,495.30	2,500,000	2,494.53	
8.13% GOI Loan 2022	100	2,500,000	2,502.31	2,500,000	2,502.58	
8.24% GOI Loan 2027	100	500,000	497.28	500,000	497.06	
8.26% GOI Loan 2027	100	2,500,000	2,454.90	2,500,000	2,484.32	
8.26% GOI Loan 2027	100	5,000,000	4,909.80	5,000,000	4,870.24	
8.97% GOI Loan 2030	100	2,500,000	2,668.33	2,500,000	2,743.84	
8.33% GOI Loan 2026	100	2,500,000	2,331.34	-	-	
(Purchased during the year)						
8.28% GOI loan 2027	100	5,000,000	6,980.61	-	-	
(Purchased during the year)						
<b>C. Unquoted -Investment in Subordinate debts</b>						
Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00	
<b>D. Unquoted- Venture Capital fund</b>						
ICICI Investment Management Company Limited	10,000	14,530	1,453.04	8,731	873.15	
<b>Total</b>			<b>39,779.99</b>		<b>30,365.84</b>	
<b>Aggregate Value of Quoted Investments</b>						
Cost of acquisition			33,089.48		24,018.58	
Market Value			29,430.21		24,681.26	
<b>Aggregate Value of Unquoted Investments</b>						
Cost of acquisition			6,518.04		6,180.65	
<b>Aggregate Provision for diminution in value of investments</b>			25.00		167.50	

# These shares are subject to restrictive covenants of regulatory authority.

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in lacs)

Note 11-Deferred tax assets (net)	As at March 31, 2014	As at March 31, 2013
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	586.52	431.95
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,552.89	4,215.85
Provision for securitization	18,240.09	22,110.15
Provision for standard assets	3,356.95	2,763.28
<b>Gross deferred tax assets (A)</b>	<b>26,736.45</b>	<b>29,521.23</b>
<b>Deferred tax liability</b>		
Debenture Issue Expenses	1,180.65	808.70
<b>Gross deferred tax liability (B)</b>	<b>1,180.65</b>	<b>808.70</b>
<b>Net deferred tax assets (A-B)</b>	<b>25,555.80</b>	<b>28,712.53</b>

**Shriram Transport Finance Company Limited**
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**
**(Rs. in lacs)**

Note 12 -Loans and advances	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current portion #	Non-current portion	Current portion #
<b>Unsecured, considered good</b>				
Capital advances	151.66	-	673.94	-
Security deposits	3,258.46	852.07	2,474.92	1,169.21
<b>Secured, considered good</b>				
Hypothecation loans	2,118,667.78	1,604,774.07	1,914,534.01	1,335,626.04
Retained interest on securitisation	41,178.54	40,768.00	31,172.67	21,172.94
Other loans	10.19	30.05	82.80	39.97
Securitisation deferred consideration receivable	37,139.46	79,937.37	54,636.13	130,077.34
<b>Unsecured, considered good</b>				
Unsecured loans <sup>^</sup>	12,928.42	102,133.39	9,682.50	84,415.21
Advance - hypothecation loans	1,007.45	-	1,873.60	-
Debtors on securitisation [net of delinquency provision Rs. 46,292.75 lacs (March 31, 2013: Rs. 37,541.27 lacs)]	-	34.09	-	1,189.05
<b>Doubtful</b>				
Secured Hypothecation loans	143,709.36	-	98,576.42	-
Other loans	350.64	-	615.32	-
Unsecured loan	5,452.50	-	3,175.33	-
Advances recoverable in cash or in kind or for value to be received	36.14	-	36.14	-
<b>Other loans and advances -Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received	3,369.51	9,528.73	1,100.82	3,303.75
Service tax credit (input) receivable	-	2,319.19	-	770.06
MAT credit entitlement	-	-	188.29	-
Prepaid expenses	155.26	854.57	362.13	928.77
Advance income tax (net of provision for taxation) [Refer Note 34] [net of provision for income tax Rs. 247,798.82 lacs (March 31, 2013: Rs. 189,890.77 lacs)]	9,548.62	-	5,672.26	-
<b>Total</b>	<b>2,376,963.99</b>	<b>1,841,231.53</b>	<b>2,124,857.28</b>	<b>1,578,692.34</b>

# Includes current maturities of long term loans and advances

<sup>^</sup> Advance given to the company in which a director is interested Rs. Nil (March 31, 2013: Rs. 136.29 lacs)

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

Note 13 -Other assets	As at March 31, 2014		As at March 31, 2013	
	Non-Current portion	Current portion	Non-Current portion	Current portion
<b>Unsecured, considered good</b>				
Fixed deposits with banks (Note 16)	0.50	-	1.00	-
Margin money deposit with banks (Note 16)	6,374.05	-	14,217.60	-
Interest accrued on investments	-	1,029.29	-	1,148.20
Interest accrued on fixed deposits with banks	372.08	5,302.78	505.59	5,323.77
Plan Asset - gratuity	-	0.13	-	-
Public issue expenses for non convertible debentures	1,957.42	1,516.10	1,401.11	1,091.46
Issue expenses for equity shares	738.45	152.77	891.22	152.78
<b>Total</b>	<b>9,442.50</b>	<b>8,001.07</b>	<b>17,016.52</b>	<b>7,716.21</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**Note 14 - Current investments**

(Rs. in lacs)

	Current investments	As at March 31, 2014	As at March 31, 2013
1	Investment in Government securities	-	85.03
2 a)	Investment in Certificate of deposit with banks	203,561.74	297,574.60
2 b)	Investment in Mutual fund	201.40	-
	Less : Aggregate provision for diminution in value of investments	(16.81)	-
	<b>Total</b>	<b>203,746.33</b>	<b>297,659.63</b>

(Rs. in lacs)

	Particulars	Face value (Rs.)	Quantity	Amount	Quantity	Amount
			As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
1	<b>Current portion of long term investments</b> (valued at cost unless otherwise mentioned) <b>Quoted: Government Securities</b> [Refer note 28]					
	a) 12.40% GOI Loan 2013 This security is redeemable on August 20, 2013 at par	100	-	-	85,000	85.03
2	<b>Current Investments</b> (At lower of cost and fair value)					
	a) <b>Unquoted: Investment in Certificate of deposit with banks</b>					
	Allahabad Bank		20,000	19,587.42	-	-
	Andhra Bank [At cost less provision for diminution in value of Rs. 9.39 lacs (March 31, 2013: Rs. Nil) ]		30,000	29,458.76	20,000	18,436.20
	Axis Bank		-	-	30,000	29,229.36
	Bank of Baroda [At cost less provision for diminution in value of Rs. 0.01 lacs (March 31, 2013: Rs. Nil) ]		2,500	2,452.54	2,500	2,309.57
	Bank of India		-	-	2,500	2,442.49
	Canara Bank		-	-	20,000	19,584.48
	Central Bank of India		10,000	9,896.90	20,000	19,564.42
	Federal Bank Limited		-	-	10,000	9,837.48
	HDFC Bank Limited		-	-	5,000	4,900.71
	ICICI Bank Limited		-	-	20,000	19,708.42
	Industrial Development Bank of India Limited [At cost less provision for diminution in value of Rs. 7.41 lacs (March 31, 2013: Rs. Nil) ]		25,000	24,556.87	20,000	19,583.62
	Indian Bank		-	-	20,000	19,205.82
	Indusind Bank Limited		10,000	9,797.95	20,000	19,563.69
	Karur Vysya Bank		-	-	20,000	19,590.16
	Punjab National Bank		-	-	11,000	10,818.19

**Shriram Transport Finance Company Limited**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in lacs)

Particulars	Face value (Rs.)	Quantity	Amount	Quantity	Amount
		As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
South Indian Bank		30,000	29,330.27	-	-
State Bank of Bikaner & Jaipur		-	-	5,000	4,913.45
Syndicate Bank		20,000	19,670.98	20,000	19,130.18
UCO Bank		30,000	29,301.33	-	-
Union Bank of India		20,000	19,670.98	-	-
United Bank of India		-	-	40,000	39,135.10
Vijaya Bank		10,000	9,820.93	20,000	19,621.26
<b>b) Quoted: Investment in Mutual fund</b>					
Shriram Equity & Debt Opportunities Fund Direct	10	2,000,000	200.00	-	-
DWS Insta Cash Plus Fund - Direct Plan - Growth	10	840.33	1.40	-	-
<b>Total</b>			<b>203,746.33</b>		<b>297,659.63</b>
<b>Aggregate Value of Quoted Investments</b>					
Cost of acquisition			201.40		85.03
Market Value			213.32		87.31
<b>Aggregate Value of Unquoted Investments</b>					
Cost of acquisition			203,544.93		297,574.60
<b>Aggregate Provision for diminution in value of investments</b>			16.81		-

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

(Rs. in lacs)

Note 15 - Trade receivables	As at March 31, 2014	As at March 31, 2013
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables	190.67	0.49
<b>Total</b>	<b>190.67</b>	<b>0.49</b>

(Rs. in lacs)

Notes 16 -Cash and bank balances	As at March 31, 2014		As at March 31, 2013	
	Non-Current portion	Current portion	Non-Current portion	Current portion
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	185,452.85	-	377,159.68
Unpaid dividend accounts	-	773.96	-	629.22
Deposits with original maturity of less than three months	-	260,596.00	-	57,537.00
ii) Cheques on hand	-	4,197.25	-	5,419.28
iii) Cash on hand	-	13,608.57	-	9,488.22
iv) Call Money (CBLO)	-	69,882.53	-	-
		<b>534,511.16</b>	-	<b>450,233.40</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	0.50	290.80	-	291.30
Deposits with original maturity for more than 3 months but less than 12 months	-	31,878.40	-	24,735.24
Margin money deposit # @	6,374.05	145,163.32	14,218.60	159,912.75
	<b>6,374.55</b>	<b>177,332.52</b>	<b>14,218.60</b>	<b>184,939.29</b>
<b>Amount disclosed under non-current assets [ Refer Note 13]</b>	<b>(6,374.55)</b>		<b>(14,218.60)</b>	
<b>Total</b>	-	<b>711,843.68</b>	-	<b>635,172.69</b>

@ Includes deposits of Rs. 1.64 lacs (March 31, 2013: Rs. 1.00 lacs) pledged with VAT authorities.

# Includes deposits of Rs. 139,935.51 lacs (March 31, 2013 : Rs. 151,893.09 lacs) pledged with Banks as margin for credit enhancement, Rs. 11,194.65 lacs (March 31, 2013: Rs. 21,995.05 lacs) as margin for guarantees and Rs. 405.57 lacs (March 31, 2013: Rs. 242.22 lacs) pledged as lien against loans taken.

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

(Rs. in lacs)

Note 17 - Revenue from operations	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Interest income on</b>		
- loan portfolio and related charges	636,330.98	470,994.67
- securitisation and direct assignment	85,372.36	175,165.21
- margin money on securitisation/ assignments	13,354.78	12,819.22
- pass through certificates	48,304.69	12,066.44
- deposits with banks	6,421.88	1,576.53
- long- term investments	2,725.87	2,201.92
- current investments	2,864.01	3,008.35
<b>Other financial services</b>		
Reversal of provision for credit loss on securitisation	11,475.54	-
Income from portfolio management services	85.67	269.82
Income from commission services	3,617.42	1,511.05
Bad debt recovery	490.57	576.94
Dividend on long- term investments	0.50	0.50
Dividend on current investments	-	120.12
Profit on sale of current investments (net)	29,363.67	13,773.52
Profit on sale of investment in associate	0.06	-
<b>Sales of used commercial vehicles</b>	-	84.17
<b>Facilitation fees</b>	7,193.92	7,274.41
<b>Total</b>	<b>847,601.92</b>	<b>701,442.87</b>

(Rs. in lacs)

Note 18 - Other income	For the year ended March 31, 2014	For the year ended March 31, 2013
Income from operating lease	10.14	9.94
Profit on sale of assets (net)	308.23	0.14
Miscellaneous income	98.40	142.85
<b>Total</b>	<b>416.77</b>	<b>152.93</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

<b>Note 19 Employee benefit expenses</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Salaries, other allowances and bonus	43,442.05	41,096.68
Gratuity expenses	232.72	600.93
Contribution to provident and other funds	2,268.13	1,845.57
Expense on Employee Stock Option Scheme**	11.14	(86.69)
Staff welfare expenses	1,205.76	860.23
<b>Total</b>	<b>47,159.80</b>	<b>44,316.72</b>

\*\* Negative amount in the current year ended March 31, 2013 owing to forfeiture of options granted to employees in the past along with option lapse on account of employee resignation against which ESOP expense were duly booked in the past over the vesting period of such options.

**(Rs. in lacs)**

<b>Note 20 - Finance cost</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
<b>Interest expense</b>		
Debentures	164,929.90	122,412.43
Subordinated debts	52,049.20	43,798.91
Fixed deposits	18,404.23	13,520.29
Loans from banks	142,940.52	89,140.89
Loans from institutions and others	9,784.34	5,636.78
Commercial paper	2,434.30	8,455.85
<b>Other borrowing costs</b>		
Professional charges - resource mobilisation	9,661.93	5,632.00
Processing charges on loans	1,262.40	1,391.29
Brokerage	12,270.88	9,997.32
Sourcing fees	716.59	620.39
Service charges	4,299.56	3,710.35
Amortisation of NCD Public issue expenses	1,467.06	1,578.01
<b>Total</b>	<b>420,220.91</b>	<b>305,894.51</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

<b>Note 21 -Other expenses</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Rent	7,414.97	6,565.64
Lease rent for parking yards	128.35	428.19
Electricity expenses	996.96	768.99
DSA commission	200.44	318.85
Repairs & maintenance		
- Buildings	11.41	15.36
- Others	1,077.82	1,036.52
Rates & taxes	190.80	434.95
Printing & stationery	1,551.89	1,927.87
Travelling & conveyance	11,780.87	3,869.04
Advertisement	175.92	593.77
Registration and filing fees	2.71	1.28
Brokerage	1.92	-
Business promotion	2,713.03	1,006.51
Buyer and seller facilitation expense	884.07	502.31
Royalty	2,561.58	2,253.37
Directors' sitting fees	12.37	8.71
Insurance	54.72	23.33
Communication expenses	4,315.33	2,734.07
Payment to auditor [ Refer Note 33]		
As Auditor:		
- Audit fees	145.57	145.42
- Tax audit fees	9.90	10.21
- Out of pocket	5.78	7.50
In any other manner:		
- Certification	4.59	1.79
Bank charges	3,091.07	3,311.52
Processing charges on securitization	5.31	5.31
Professional charges on securitization	5,709.05	6,656.22
Legal & professional charges	3,022.27	2,286.65
Provision for non moving Inventory	-	(3.23)
Donations	477.25	499.62
Loss on sale of fixed assets (net)	-	47.11
Issue expenses for equity shares	152.78	152.78
Data center management service	146.53	111.81
Security charges	305.15	184.86
Service charges paid	3,937.95	3,517.01
Miscellaneous expenses	7,904.03	6,101.48
<b>Total</b>	<b>58,992.39</b>	<b>45,524.82</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

<b>Note 22 - Provisions and write offs</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Provision for non performing assets	34,890.07	19,509.69
Provision for standard assets [ Refer note (e) of note 2.1]	1,359.49	2,546.91
Provision for credit loss on securitisation	-	17,617.43
Provision for diminution in value of investments*	16.81	(178.66)
Bad debts written off	85,054.49	47,728.59
<b>Total</b>	<b>121,320.86</b>	<b>87,223.96</b>

\* Negative amount in the year ended March 31, 2013 owing to provision for diminution in value of investments booked on current investments during previous year ended March 31, 2012 written back on sale in the year ended March 31, 2013.

**23 Earnings per share**

<b>Particulars</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Net Profit after tax as per statement of profit and loss (Rs. in lacs) <b>(A)</b>	135,793.73	146,342.79
Weighted average number of equity shares for calculating Basic EPS (in lacs) <b>(B)</b>	2,268.76	2,268.32
Weighted average number of equity shares for calculating Diluted EPS (in lacs) <b>(C)</b>	2,268.76	2,268.50
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) <b>(A) / (B)</b>	59.85	64.52
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) <b>(A) / (C)</b>	59.85	64.51

<b>Particulars</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Weighted average number of equity shares for calculating Basic EPS (in lacs)	2,268.76	2,268.32
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	-	0.18
Weighted average number of equity shares in calculating Diluted EPS (in lacs)	2,268.76	2,268.50

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**24 Gratuity and other post-employment benefit plans:**

The Group has defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

During the year the Group has funded Rs. 2,022.67 lacs for gratuity being defined benefit obligation outstanding as on September 30, 2013.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

**Statement of Profit and Loss**

Net employee benefit expense (recognized in the Statement of profit and loss)

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	348.84	288.90
Interest cost on benefit obligation	154.23	124.19
Expected return on plan assets	Nil	Not applicable
Net actuarial (gain) / loss recognised in the year	(270.36)	187.84
Past service cost	Nil	Nil
<b>Net benefit expense</b>	<b>232.71</b>	<b>600.93</b>
Actual return on plan assets	51.10	NA

**Balance sheet**

Benefit asset/(liability)

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	2,128.54	1,927.94
Fair value of plan assets	2,073.77	Not applicable
Surplus/(deficit)	(54.77)	(1,927.94)
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability) *</b>	<b>(54.77)</b>	<b>(1,927.94)</b>

\* Disclosed under Note 7- Provisions and Note 13 - Other Assets

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Opening defined benefit obligation	1,927.94	1,460.99
Interest cost	154.23	124.18
Current service cost	348.84	288.90
Benefits paid	(83.22)	(133.97)
Actuarial (gains) / losses on obligation	(219.25)	187.84
<b>Closing defined benefit obligation</b>	<b>2,128.54</b>	<b>1,927.94</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Changes in the fair value of the plan assets are as follows:**

**(Rs. in lacs)**

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Opening fair value of plan assets	Nil	Not applicable
Expected return	Nil	Not applicable
Contributions by employer	2,022.67	Not applicable
Benefits paid	Nil	Not applicable
Actuarial gains /( losses)	51.10	Not applicable
<b>Closing fair value of plan assets</b>	<b>2,073.77</b>	<b>Not applicable</b>

The Group did not contribute any amount to gratuity in 2012-13 as the scheme was unfunded.

The Group expects to contribute Rs. 407.63 lacs to gratuity in the next year.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
	%	%
Investments with insurer	100	Not applicable

The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Discount Rate	9.36%	8.00%
Expected rate of return on assets	8.70%	Not applicable
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	5% and 10%	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*5% in case of employees with service period of more than 5 years and 10% for all other employees.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Amounts for the current year and previous four years are as follows:**

**(Rs. in lacs)**

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	2,128.54	1,927.94	1,460.99	913.73	612.63
Plan assets	2,073.77	Not applicable	Not applicable	Not applicable	Not applicable
Surplus / (deficit)	(54.77)	(1,927.94)	(1,460.99)	(913.73)	(612.63)
Experience adjustments on plan liabilities (gains)/losses	58.31	94.64	343.18	74.98	55.56
Experience adjustments on plan assets (losses)/gains	51.10	Not applicable	Not applicable	Not applicable	Not applicable

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

- 25 The Group has three reportable segment viz. Providing finance to commercial vehicles, other loans (Financing activities), Trading of Used Commercial vehicles (Trading Division) and Facilitating the buyers / sellers to sell their vehicles (Service Division) which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into the account organizational Structure as well as differential risk and return of these segments. Each of the above activity is restricted to a common single geographical segment. Hence, no disclosure on geographic segment is warranted.

For the year ended March 31, 2014

(Rs. in lacs)

Particulars	Financing activities	Trading Division	Facilitation Service Division	Total
Segment revenue	840,374.05	-	7,644.64	<b>848,018.69</b>
Segment results (Profit before tax and after interest on financing segment)	195,802.69	-	1,247.75	<b>197,050.43</b>
Less: Unallocated reconciling items	-	-	4.11	<b>4.11</b>
<b>Net profit before tax</b>				<b>197,046.32</b>
Less: Income Taxes				<b>61,252.59</b>
<b>Net profit after tax</b>				<b>135,793.73</b>
Add: Share of Profit of Associate				-
<b>Net profit after taxes and share of loss of associate</b>				<b>135,793.73</b>
<b>Other information:</b>				
Segment assets	5,190,350.20	-	6,784.03	<b>5,197,134.23</b>
Unallocated corporate assets	34,979.95	-	124.47	<b>35,104.42</b>
<b>Total assets</b>	<b>5,225,330.15</b>	-	<b>6,908.50</b>	<b>5,232,238.65</b>
Segment liabilities	4,373,571.93	-	3,082.70	<b>4,376,654.63</b>
Unallocated corporate liabilities	4,543.15	-	23.16	<b>4,566.31</b>
<b>Total Liabilities</b>	<b>4,378,115.08</b>	-	<b>3,105.86</b>	<b>4,381,220.94</b>
Capital expenditure	7,228.25	-	4,519.18	<b>11,747.43</b>
Depreciation	2,955.83	-	322.58	<b>3,278.41</b>
Other non cash expenditure	126,071.06	-	396.01	<b>126,467.07</b>

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**For the year ended March 31, 2013**

**(Rs. in lacs)**

<b>Particulars</b>	<b>Financing activities</b>	<b>Trading Division</b>	<b>Facilitation Service Division</b>	<b>Total</b>
Segment revenue	694,060.34	84.17	7,451.29	<b>701,595.80</b>
Segment results (Profit before tax and after interest on financing segment)	214,840.32	(11.12)	1,441.08	<b>216,270.27</b>
Less: Unallocated reconciling items				<b>4.24</b>
<b>Net profit before tax</b>				<b>216,266.03</b>
Less: Income taxes				<b>69,877.26</b>
<b>Net profit after tax</b>				<b>146,388.77</b>
Add: Share of profit of associate				<b>(45.98)</b>
<b>Net profit after taxes and Share of Loss of Associate</b>				<b>146,342.79</b>
<b>Other information:</b>				
Segment assets	4,688,306.60	-	4,728.51	<b>4,693,035.11</b>
Unallocated corporate assets	34,124.49	-	260.30	<b>34,384.79</b>
<b>Total assets</b>	<b>4,722,431.09</b>	<b>-</b>	<b>4,988.81</b>	<b>4,727,419.90</b>
Segment Liabilities	3,987,074.27	-	2,015.30	<b>3,989,089.57</b>
Unallocated corporate liabilities	4,543.16	-	-	<b>4,543.16</b>
<b>Total Liabilities</b>	<b>3,991,617.43</b>	<b>-</b>	<b>2,015.30</b>	<b>3,993,632.73</b>
Capital expenditure	4,247.45	-	69.67	<b>4,317.12</b>
Depreciation	1,894.56	-	376.68	<b>2,271.24</b>
Other non cash expenditure	95,110.75	-	458.30	<b>95,569.05</b>

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

<b>25 Employee stock option plan</b>						
	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>	<b>Series V</b>	<b>Series VI</b>
Date of grant	31-Oct-05	1-Apr-06	9-Oct-06	17-Aug-07	15-Jul-08	13-May-09
Date of Board/committee Approval	19-Oct-05	22-Feb-06	6-Sep-06	17-Aug-07	15-Jul-08	13-May-09
Date of Shareholder's approval	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05
Number of options granted	2,962,500	832,500	910,000	109,000	77,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity
<b>Graded Vesting Period</b>						
After 1 year of grant date	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.					

The Series wise details have been summarized below:

**March 31, 2014**

	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>	<b>Series V</b>	<b>Series VI</b>
	<b>Number of Shares</b>					
Outstanding at the beginning of the period (Number of Shares)	-	-	4,000	-	-	14,800
Add: Granted during the period (Number of Shares)	-	-	-	-	-	-
Less: Forfeited during the period (Number of Shares)	-	-	-	-	-	-
Less: Exercised during the period (Number of Shares)	-	-	4,000	-	-	14,800
Less: Expired during the period (Number of Shares)	-	-	-	-	-	-
Outstanding at the end of the period (Number of Shares)	-	-	-	-	-	-
Exercisable at the end of the period (Number of Shares)	-	-	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-	-	-
Weighted average fair value of options granted	59.04	91.75	74.85	136.40	253.90	201.45
Weighted Average Exercise Price(Rs.)	35.00	35.00	35.00	35.00	35.00	35.00

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**March 31, 2013**

	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>	<b>Series V</b>	<b>Series VI</b>
	<b>Number of Shares</b>					
Outstanding at the beginning of the period (Number of Shares)	81,900	13,500	39,050	-	28,400	32,900
Add: Granted during the period (Number of Shares)	-	-	-	-	-	-
Less: Forfeited during the period (Number of Shares)	-	-	-	-	-	-
Less: Exercised during the period (Number of Shares)	10,400	6,000	11,400	-	23,600	11,100
Less: Expired during the period (Number of Shares)	71,500	7,500	23,650	-	4800	7,000
Outstanding at the end of the period (Number of Shares)	-	-	4,000	-	-	14,800
Exercisable at the end of the period (Number of Shares)	-	-	4,000	-	-	-
Weighted average remaining contractual life (in years)	5.09	5.49	6.01	6.88	7.78	8.60
Weighted average fair value of options granted	59.04	91.75	74.85	136.40	253.90	201.45
Weighted Average Exercise Price(Rs.)	35.00	35.00	35.00	35.00	35.00	35.00

The weighted average share price for the period over which stock options were exercised was Rs.650.99 (March 31, 2013: Rs. 660.98)

The details of exercise price for stock options outstanding at the end of the year are:

**March 31, 2014**

There are no stock options outstanding as at March 31, 2014.

**March 31, 2013**

<b>Series</b>	<b>Range of exercise prices</b>	<b>Number of options outstanding</b>	<b>Weighted average remaining contractual life of options (in years)</b>	<b>Weighted average exercise price</b>
<b>Series I</b>	Rs. 35/-	-	5.09	Rs. 35/-
<b>Series II</b>	Rs. 35/-	-	5.49	Rs. 35/-
<b>Series III</b>	Rs. 35/-	4,000	6.01	Rs. 35/-
<b>Series IV</b>	Rs. 35/-	-	6.88	Rs. 35/-
<b>Series V</b>	Rs. 35/-	-	7.78	Rs. 35/-
<b>Series VI</b>	Rs. 35/-	14,800	8.60	Rs. 35/-

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**Stock Options granted**

**Series I:**

The weighted average fair value of stock options granted was Rs. 59.04. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2005	2006	2007	2008
Weighted average share price (Rs.)	93.30	93.30	93.30	93.30
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

**Series II :**

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	130.10	130.10	130.10	130.10
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

**Series III :**

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	111.25	111.25	111.25	111.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00

Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**Series IV :**

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2007	2008	2009	2010
Weighted average share price (Rs.)	168.05	168.05	168.05	168.05
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

**Series V :**

The weighted average fair value of stock options granted was Rs. 253.90. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2008	2009	2010	2011
Weighted average share price (Rs.)	294.50	294.50	294.50	294.50
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	69.22	69.22	69.22	69.22
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63

**Series VI :**

The weighted average fair value of stock options granted was Rs. 201.45. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2009	2010	2011	2012
Weighted average share price (Rs.)	245.25	245.25	245.25	245.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64

Expected dividend rate (%)	1.96	1.96	1.96	1.96
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**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	8.36	(86.69)
Liability for employee stock options outstanding as at year end	83.61	34.00
Deferred compensation cost	76.15	0.90

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:**

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Profit as reported (Rs. in lacs)	135,793.73	146,342.79
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	8.36	(86.69)
Less: Employee stock compensation under fair value method (Rs. in lacs)	9.83	(80.20)
Proforma profit (Rs. in lacs)	135,792.26	146,336.30
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	59.85	64.52
- Proforma	59.85	64.51
<b>Diluted (Rs.)</b>		
- As reported	59.85	64.51
- Proforma	59.85	64.51
Nominal Value	Rs. 10.00	Rs. 10.00

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**27 Leases****In case of assets taken on lease**

The Group has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 7,414.97 lacs (March 31, 2013 : Rs. 6,565.64 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 6 to 144 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

	(Rs. in lacs)	
	As at March 31, 2014	As at March 31, 2013
<b>Minimum Lease Payments:</b>		
Not later than one year	1,015.27	950.11
Later than one year but not later than five years	1,623.74	781.92
Later than five years	453.84	58.81

- 28** In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 34,076.00 lacs (March 31, 2013: Rs. 24,161.00 lacs) in favour of trustees representing the public deposit holders of the Company.

**29 Related Parties Disclosure****Related party where control exists****Other related parties**

Enterprises having significant influence over the Company

: Shriram Holdings (Madras) Private Limited (upto November 05, 2012)  
Shriram Capital Limited  
Newbridge India Investments II Limited (upto May 10, 2013)

Shriram Ownership Trust

Shriram Financial Ventures (Chennai) Private Limited ( w.e.f. August 31, 2012)

Associates

: Shriram Asset Management Company Limited (upto June 18, 2013)

Key Management Personnel

: Mr. Umesh Revankar, Managing Director  
Mr. Pratap Paode, Chief Executive Officer, Shriram Equipment Finance Company Limited  
Mr. Sameer Malhotra, Chief Executive Officer, Shriram Automall India Limited

Relatives of Key Management Personnel

: Mrs. Suchita U. Revankar (spouse of Mr. Umesh Revankar)  
Master Shirish U. Revankar ( son)  
Master Shreyas U. Revankar (son)

Mrs. Geeta G. Revankar (mother)  
Mrs. Bidisha Paode(spouse of Mr. Pratap Paode)  
Mrs. Kamini Malhotra (spouse of Mr. Sameer Malhotra)

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**  
Notes forming part of the Consolidated financial statements for year ended March 31, 2014

Particulars	(Rs. in Lacs)									
	Enterprises having significant influence over the company		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Payments/Expenses</b>										
Employee benefits for key management personnel	-	-	-	-	205.83	182.19	-	-	205.83	182.19
Car rental charges	-	-	-	-	-	-	5.88	5.28	5.88	5.28
Royalty paid to Shriram Ownership Trust	2,561.58	2,253.37	-	-	-	-	-	-	2,561.58	2,253.37
Data sourcing fees paid to Shriram Ownership Trust	716.59	620.39	-	-	-	-	-	-	716.59	620.39
Service charges paid to Shriram Ownership Trust	4,299.56	3,722.35	-	-	-	-	-	-	4,299.56	3,722.35
Service charges paid to Shriram Capital Limited	3,937.95	3,517.01	-	-	-	-	-	-	3,937.95	3,517.01
Equity dividend paid	-	-	-	-	3.13	1.52	-	-	3.13	1.52
- Shriram Capital Limited	4,104.08	1,755.08	-	-	-	-	-	-	4,104.08	1,755.08
Non-convertible debenture matured	-	-	-	-	-	-	2.01	1.09	2.01	1.09
Fixed deposit matured	-	-	-	-	-	-	1.02	-	1.02	-
Interest on fixed deposit	-	-	-	-	-	-	0.15	0.12	0.15	0.12

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**  
Notes forming part of the Consolidated financial statements for year ended March 31, 2014

Particulars	(Rs. in Lacs)									
	Enterprises having significant influence over the company		Associates		Key Management personnel (Managing Director, Whole time director, management and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Payments/Expenses</b>										
Interest on subordinated debt	-	-	17.50	76.30	-	-	0.07	0.04	17.57	76.34
Interest on non-convertible debenture	-	-	0.12	0.62	0.38	-	1.78	1.18	2.28	1.80
Investment in preference shares in Shriram Asset Management Company Limited ₹	-	-	-	100.00	-	-	-	-	-	100.00
Employee benefits paid ₹										
- Shriram Capital Limited	-	17.24	-	-	-	-	-	-	-	17.24
Rent paid	-	-	0.39	2.26	-	-	-	-	0.39	2.26
- Shriram Capital Limited	20.55	-	-	-	-	-	-	-	20.55	-
Other administrative expenses paid to										
- Shriram Capital Limited	5.11	-	-	-	-	-	-	-	5.11	-
Unsecured loan given ₹										
- Shriram Capital Limited	-	34,500.00	-	-	-	-	-	-	-	34,500.00

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Associates		Key Management personnel (Managing Director, Whole time director, management and other management personnel)		Relative of Key Management Personnel		Total
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	
<b>Receipts/Income</b>									
Expenses									
Unsecured loan repaid $\mu$									
- Shriram Capital Limited	-	37,000.00	-	-	-	-	-	-	37,000.00
Interest received on unsecured loan									
- Shriram Capital Limited	-	1,167.43	-	-	-	-	-	-	1,167.43
Rent and electricity									
- Shriram Capital Limited	11.32	15.17	-	-	-	-	-	-	15.17
- Shriram Asset Management Company Limited	-	-	1.16	5.40	-	-	-	-	5.40
Non-convertible debenture $\mu$	-	-	-	-	-	-	3.29	2.38	2.38
Fixed deposit $\mu$	-	-	-	-	-	-	2.09	-	-
Subordinated debts $\mu$	-	-	-	-	-	-	0.80	-	-
Application money of NCD $\mu$	-	-	-	-	-	-	-	0.50	0.50

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

Particulars	(Rs. in Lacs)									
	Enterprises having significant influence over the company		Associates		Key Management personnel (Managing Director, Whole time director, management and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Balance Outstanding at the year end</b>										
Share Capital										
- Shriram Capital Limited	-	-	-	-	5.52	5.08	-	-	5.52	5.08
Investment in Equity shares										
- Shriram Asset Management Company Limited	5,910.32	5,850.28	-	-	-	-	-	-	5,910.32	5,850.28
Investment in Preference shares										
- Shriram Asset Management Company Limited	-	-	-	240.00	-	-	-	-	-	240.00
Non-convertible debenture										
- Shriram Asset Management Company Limited	-	-	-	100.00	-	-	-	-	-	100.00
Interest payable on Non-convertible debenture										
-	-	-	-	6.00	4.38	-	15.86	7.09	20.24	13.09
Rent receivable from Shriram Capital Limited										
-	-	-	-	-	0.22	-	1.19	1.03	1.41	1.03
	0.94	0.94	-	-	-	-	-	-	0.94	0.94

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Associates		Key Management personnel (Managing Director, Whole time director, management and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Administrative expenses payable to Shriram Capital Limited	3.65	-	-	-	-	-	-	-	3.65
Outstanding expenses - Shriram Ownership Trust	230.94	1,998.44	-	-	-	-	-	-	230.94	1,998.44
Fixed deposit	-	-	-	-	-	2.09	1.02	-	2.09	1.02
Interest payable on fixed deposit	-	-	-	-	-	0.12	0.30	-	0.12	0.30
Subordinated debt	-	-	-	413.40	-	1.10	0.30	-	1.10	413.70
Interest payable on subordinated debt	-	-	-	270.57	-	0.18	0.11	-	0.18	270.68

Ω Denotes payments

μ Denotes receipts

**Shriram Transport Finance Company Limited**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

**(Rs. in lacs)**

<b>30</b>	<b>Contingent Liabilities not provided for</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
a.	In respect of Income tax demands where the Company has filed appeal before CIT(Appeals)	52,679.22	46,689.12
b.	VAT demand where the company has filed appeal before Tribunal	2,621.14	1,843.09
c.	Service tax liability pertaining to HP/Lease	12,824.07	-
d.	Guarantees and Counter Guarantees	237,803.49	227,250.85

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals.

The Company has received Show Cause Notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct Assignments for the period 2008-09 to 2011-12 and the same is contested by the Company.

**(Rs. in lacs)**

	<b>Disputed income tax demand are on account of</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
a.	Transfer to statutory reserve, provision for NPA, securitisation, etc	32,866.77	27,288.44
b.	Securitisation and royalty for AY 2008-09 and 2007-08	19,773.64	19,400.68
c.	Disallowance of ESOP expenses	38.81	-
	<b>Total</b>	<b>52,679.22</b>	<b>46,689.12</b>

**(Rs. in lacs).**

	<b>Commitments not provided for</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
a.	Estimated amount of contracts remaining to be executed on capital account	194.11	394.81
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	1,046.96	1,626.85

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**31 Securitisation/ direct assignment**

The Company sells loans through securitisation and direct assignment.

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total number of loan assets under par structure	210,869	216,084
Total book value of loan assets	805,635.46	780,379.62
Sale consideration received	805,635.46	780,379.62

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below::

(Rs. in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
No. of SPVs sponsored by the company for securitisation transactions	48	34
Total amount of securitised assets as per the books of SPVs sponsored by the company	1,226,692.65	943,519.90
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	751.25	751.25
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	80,349.45	38,354.45
Investment in PTC	56,347.80	37,112.85
Amount of exposures to securitisation transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	-	1,207.00
Others	96,464.92	43,955.46
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	11,664.54	11,462.58
Others	27,307.99	36,045.91
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

**(Rs. in lacs)**

<b>Particulars</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Total number of loan assets under par structure	87,153	51,920.00
Total book value of loan assets	262,319.32	98,050.69
Sale consideration received	262,319.32	98,050.69

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below::

**(Rs. in lacs)**

<b>Particulars</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
No. of transactions assigned by the Company	55	70
Total amount outstanding	423,228.38	838,866.02
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	23,841.58	9,805.07
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	26,909.41	36,749.49
Others	97,287.54	134,145.21
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	19,737.27	33,577.52
Others	575.61	12,268.12
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

The information on direct assignment of the Company as an originator in respect of premium transaction done during the year is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total number of loan assets under par structure	-	-
Total book value of loan assets	-	-
Sale consideration received	-	-

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below::

(Rs. in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
No. of transactions assigned by the Company	6	13
Total amount outstanding	4,358.10	32,801.82
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	4,222.20	6,168.20
Others	1,831.00	17,280.63
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	1,754.36	19,884.27
Others	303.45	5,727.93
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

**Notes forming part of the Consolidated financial statements for year ended March 31, 2014**

<b>32</b>	Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:		
	<b>(Rs. in lacs)</b>		
	<b>Particulars</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
	The principal amount remaining unpaid to supplier as at the end of the year	-	-
	The interest due thereon remaining unpaid to supplier as the end of the year	-	-
	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	The amount of interest accrued during the period and remaining unpaid at the end of the year	-	-
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
<b>33</b>	In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non convertible debentures of Rs. 120.62 lacs (March 31, 2013: Rs. 53.38 lacs) [including out of pocket expenses of Rs. 1.52 lacs (March 31, 2013: Rs. 0.46 lacs)] have been amortised as per note 13 and shown under other assets.		

<b>34</b>	<b>Merger of Shriram Holdings (Madras) Private Limited ['SHMPL'] with the Company during the year ended March 31, 2013, :</b>		
(a)	On December 21, 2011, the Board of Directors of the Company have approved the merger SHMPL with the Company. In terms of the Scheme of Amalgamation & Arrangement (Scheme) approved by Hon'ble High Court of Madras vide order dated September 13, 2012 and subsequent filing thereof with the Registrar of Companies ('ROC'), Tamil Nadu dated November 05, 2012, Shriram Holdings (Madras) Private Limited ("SHMPL"), an Investment company has been amalgamated with the Company with effect from April 01, 2012. The scheme was effective only after the filing thereof with ROC, Tamil Nadu and had an appointed date of April 01, 2012.		
(b)	Prior to the merger, SHMPL held 93,371,512 shares of the Company.		
(c)	The amalgamation has been accounted for under the "Purchase method" as prescribed by "Accounting Standard 14 (AS-14) Accounting for Amalgamation" notified under Companies (Accounting Standards) Rules, 2006 (as amended).		

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

(d)	In accordance with the said Scheme:		
(i)	All the assets (other than shares of the Company held by "SHMPL" of the Company), debts, liabilities, duties and obligations of SHMPL have been vested in the Company with effect from April 01, 2012 and have been recorded at their respective Fair values under the purchase method of accounting for amalgamation. There were no difference in the accounting policies of "SHMPL" and the Company.		
(ii)	Exchange ratio determined at 313:124 (i.e. 313 equity shares of Rs. 10/- each of the Company for every 124 equity shares of Rs. 10/- each of "SHMPL" and these equity shares ranking pari-passu with the existing equity shares of the Company.		
(iii)	Additional issue of 500,868 equity shares to the shareholders of SHMPL, pursuant to Net Assets taken of SHMPL over by the Company.		
(iv)	In accordance with the said scheme, excess of the Net Assets Value taken over by the Company vis-a-vis additional equity shares issued has been transferred to capital reserves.		
(v)	Details of Net Assets taken over and transfer to Capital reserve is as under:		
		<b>Amount in Rupees</b>	
	<b>Fair Value of the asset:</b>		
	-Investment	264,510,406.00	
	-Cash	200.00	
	-Bank	11,460,048.00	
	-Other Asset (Advance tax)	3,534,271.00	
	Less: Liabilities (creditors)	(17,500.00)	
	<b>Fair Value of Net asset taken over</b>		<b>279,487,425.00</b>
	<b>Less:</b>		
	Additional issue of equity share (500,868 equity shares of Rs. 10/- each)		<b>(5,008,680.00)</b>
	<b>Amount taken to capital reserves on amalgamation</b>		<b>274,478,745.00</b>

(Rs. in lacs)			
35	Adjustment due to decrease/(increase) in stock of used commercial vehicles	For the year ended March 31, 2014	For the year ended March 31, 2013
	Opening stock (A)	-	96.11
	Less: Closing stock (B)	-	-
	<b>Decrease/(increase) in stock of used commercial vehicles (A-B)</b>	-	<b>96.11</b>

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Notes forming part of the Consolidated financial statements for year ended March 31, 2014

**36 Additional information pursuant to the provisions of Paragraph 3 of Part II of Schedule VI of the Act.****Details of Stock and Sales of Vehicles: March 31, 2014**

Opening Stock		Purchases	Closing Stock		Gross Sales	
Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)	Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)	Value (Rs in lacs)
-	-	-	-	-	-	-

**Details of Stock and Sales of Vehicles: March 31, 2013**

Opening Stock		Purchases	Closing Stock		Gross Sales	
Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)	Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)	Value (Rs in lacs)
25	96.11	-	-	-	25	84.17

**37 Expenditure in foreign currency (accrual basis)****(Rs. in lacs)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Rating fees	43.90	-
Computer software	7.33	-
<b>Total</b>	<b>51.23</b>	<b>-</b>

**38 Previous year comparatives**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year's presentation.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Viren H. Mehta**  
Partner  
Membership No. 048749

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Arun Duggal**  
Chairman

**Umesh Revankar**  
Managing Director

Mumbai  
April 29, 2014

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
12<sup>th</sup> floor, The Ruby  
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Dadar (West)  
Mumbai – 400 028

G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Kothrud  
Pune 411 038

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Shriram Transport Finance Company Limited

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Shriram Transport Finance Company Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E / E300005**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102  
Place: Mumbai  
Date: April 29, 2016

**Ameya Tambekar**  
**Partner**  
Membership No: 128355  
Place: Mumbai  
Date: April 29, 2016

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

Re: **Shriram Transport Finance Company Limited** (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loan to one firm covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant and loan not prejudicial to the company's interest.
- (b) In respect of loan granted to firm covered in the register maintained under section 189 of the Companies Act, 2013, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested have been complied with by the Company and the provisions of section 186 of the Companies Act 2013 are not applicable to the Company.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, service tax, value added tax, cess and other material statutory dues applicable to it. The provision relating to sales tax, custom duty and excise duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, , service tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

Re: **Shriram Transport Finance Company Limited** (“the Company”)

six months from the date they became payable. As informed, provisions of sales tax, custom duty and excise duty are currently not applicable to the Company.

- (c) According to the records of the Company, the dues outstanding of income-tax, value added tax and service tax dues disputed by the Company, are as follows:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (Rs. In lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax demands	7,154.48	A.Y. 2013-14	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	7,892.41	A.Y. 2012-13	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	2,375.45	A.Y. 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax demands	5,082.53	A.Y. 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax demands	7,828.28	A.Y. 2009-10	Madras High Court
Income Tax Act, 1961	Income Tax demands	2,067.74	A.Y. 2008-09	Madras High Court
Income Tax Act, 1961	Income Tax demands	158.99	A.Y. 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	1,815.03	A.Y. 2007-08	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	851.59	A.Y. 2006-07	Madras High Court
Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease transactions	21,230.18	A.Y. 2003-04 to 2009-10	CESTAT (Custom, Excise and Service tax appellate tribunal)
Finance Act, 1994 (Service tax)	Service tax demands	300*	A.Y. 2003-04 to A.Y. 2004-05	Commissioner of Central Excise and Customs
Finance Act, 1994 (Service tax)	Interest on Input Tax Credit reversal on CBLO income	9.45*	A.Y. 2010-11	CESTAT (Custom, Excise and Service tax appellate tribunal)
Maharashtra Value Added Tax	Value added tax	1.68*	A.Y. 2006-07	Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value added tax	578.64*	A.Y. 2006-07 to A.Y. 2013-14	Maharashtra Sales Tax Tribunal
Andhra Pradesh Value Added Tax	Value added tax	348.41*	A.Y. 2005-06 to 2008-09	Andhra Pradesh High court
Rajasthan Value Added Tax	Value added tax	193.52*	A.Y. 2006-07 to 2013-14	Rajasthan Tax Board
Orissa Value Added Tax	Value added tax	9.04*	A.Y. 2008-09 to 2012-13	JCCT Appeals & Commissioner of Commercial tax

\*Net of amount paid under protest

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

Re: **Shriram Transport Finance Company Limited** (“the Company”)

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

**Re: Shriram Transport Finance Company Limited (“the Company”)**

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E / E300005**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102  
Place: Mumbai  
Date: April 29, 2016

**Ameya Tambekar**  
**Partner**  
Membership No: 128355  
Place: Mumbai  
Date: April 29, 2016

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shriram Transport Finance Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect

the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E / E300005**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102  
Place: Mumbai  
Date: April 29, 2016

**Ameya Tambekar**  
**Partner**  
Membership No: 128355  
Place: Mumbai  
Date: April 29, 2016

**Shriram Transport Finance Company Limited**  
**Balance Sheet as at March 31, 2016**

(Rs. in lacs)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,690.67	22,690.67
(b) Reserves and surplus	4	992,720.78	901,105.83
		<b>1,015,411.45</b>	<b>923,796.50</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	3,026,967.38	3,157,076.48
(b) Other long-term liabilities	6	116,350.63	97,134.26
(c) Long-term provisions	7	284,271.68	158,650.37
		<b>3,427,589.69</b>	<b>3,412,861.11</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	333,035.34	266,140.59
(b) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		151,136.57	115,968.91
(c) Other current liabilities	6	1,818,197.18	1,174,164.15
(d) Short-term provisions	7	50,959.95	39,783.94
		<b>2,353,329.04</b>	<b>1,596,057.59</b>
<b>Total</b>		<b>6,796,330.18</b>	<b>5,932,715.20</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		9,961.01	9,944.50
(ii) Intangible assets		145.29	127.87
(b) Non-current investments	10	125,216.98	111,426.49
(c) Deferred tax assets (net)	11	30,770.26	25,648.45
(d) Long-term loans and advances	12	4,301,019.05	3,082,287.15
(e) Other non-current assets	13	1,387.51	9,310.56
		<b>4,468,500.10</b>	<b>3,238,745.02</b>
<b>(2) Current assets</b>			
(a) Current investments	14	10,399.52	221,292.13
(b) Cash and bank balances	15	236,385.69	472,339.89
(c) Short-term loans and advances	12	2,075,986.71	1,994,093.70
(d) Other current assets	13	5,058.16	6,244.46
		<b>2,327,830.08</b>	<b>2,693,970.18</b>
<b>Total</b>		<b>6,796,330.18</b>	<b>5,932,715.20</b>

**Shriram Transport Finance Company Limited**  
**Balance Sheet as at March 31, 2016**

Significant accounting policies 2.1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E /  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company**  
**Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 29, 2016

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

(Rs. in lacs)

Particulars	Note No	Year ended March 31, 2016	Year ended March 31, 2015
<b>Income</b>			
Revenue from operations	16	1,024,155.81	863,694.73
Other income	17	370.33	777.72
<b>Total</b>		<b>1,024,526.14</b>	<b>864,472.45</b>
<b>Expenditure</b>			
Employee benefit expenses	18	58,908.03	42,958.86
Finance cost	19	505,792.60	438,998.20
Depreciation and amortisation	9	3,630.61	4,050.62
Other expenses	20	72,194.28	65,310.69
Provisions and write-offs	21	205,857.50	128,915.27
<b>Total</b>		<b>846,383.02</b>	<b>680,233.64</b>
<b>Profit before taxation</b>		<b>178,143.12</b>	<b>184,238.81</b>
<b>Provision for taxation</b>			
Current tax		65,445.17	60,947.79
Deferred tax		(5,121.81)	(489.96)
<b>Total tax expense / (income)</b>		<b>60,323.36</b>	<b>60,457.83</b>
<b>Profit after tax from operations</b>		<b>117,819.76</b>	<b>123,780.98</b>
<b>Earnings per share</b>	22		
Basic (Rs.)		51.93	54.56
Diluted (Rs.)		51.93	54.56
Nominal value of equity share (Rs.)		<b>10.00</b>	<b>10.00</b>
Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E /  
E300005  
Chartered Accountants

For **G. D. Apte & Co.**  
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For and on behalf of the Board of Directors of  
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Mumbai  
April 29, 2016

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

(Rs. in lacs)

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
<b>A. Cash flow from operating activities</b>		
Profit before taxes	178,143.12	184,238.81
Depreciation and amortisation	3,630.61	4,050.62
Loss / (profit) on sale of fixed assets (net)	36.37	35.75
Employees stock option compensation cost	(47.77)	-
Premium on government securities	82.30	19.74
Amortisation of discount on government securities	(221.42)	(165.69)
Amortisation of issue expenses for equity shares	152.78	168.85
Amortisation of public issue expenses for non-convertible debentures	1,303.09	1,761.70
Provisions for Non-performing Assets and bad debt written off	200,867.02	125,934.32
Provisions for standard assets	4,990.48	2,980.95
Provision for gratuity	199.74	(16.44)
Provision for leave encashment	417.69	70.81
<b>Operating profit before working capital changes</b>	<b>389,554.01</b>	<b>319,079.42</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	35,167.66	68,572.79
Increase / (decrease) in provisions	31,340.38	(5,437.65)
Increase / (decrease) in other liabilities	48,582.72	(32,940.26)
(Increase) / decrease in investments	196,738.13	(60,048.59)
Decrease / (increase) in loans and advances	(1,411,045.68)	(1,277,132.89)
Decrease / (increase) in bank deposits (having original maturity of more than three months)(net)	(25,820.25)	53,179.53
Decrease / (increase) in other assets	974.74	1,857.14
<b>Cash generated from operations</b>	<b>(734,508.29)</b>	<b>(932,870.51)</b>
Direct taxes paid (net of refunds)	(56,091.88)	(57,743.68)
<b>Net cash flow from in operating activities (A)</b>	<b>(790,600.17)</b>	<b>(990,614.19)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed including intangible assets	(3,749.66)	(4,277.66)
Proceeds from sale of fixed assets	50.98	63.10
<b>Net cash used in investing activities (B)</b>	<b>(3,698.68)</b>	<b>(4,214.56)</b>
<b>C. Cash flows from financing activities</b>		
Amount received from institutional borrowing	2,350,574.28	2,220,993.36
Amount received from public issue of non-convertible debentures	-	197,484.71
Increase / (decrease) in retail borrowings	97,743.41	165,612.77
Amount redeemed for public issue of non-convertible debentures	(41,795.50)	(34,306.30)
Repayment of institutional borrowing	(1,855,069.86)	(1,714,627.52)
Public issue expenses for non-convertible debentures paid	-	(1,255.33)
Dividend paid	(22,688.27)	(18,150.62)
Tax on dividend	(4,618.80)	(3,356.44)
<b>Net cash from financing activities (C)</b>	<b>524,145.26</b>	<b>812,394.63</b>

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

(Rs. in lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(270,153.59)	(182,434.12)
Cash and cash equivalents at the beginning of the year	348,832.76	531,266.88
Cash and bank balances taken over on account of amalgamation	1,700.40	-
<b>Cash and cash equivalents at the end of the year</b>	<b>80,379.57</b>	<b>348,832.76</b>

(Rs. in lacs)

Components of cash and cash equivalents	As at March 31, 2016	As at March 31, 2015
<b>Cash and cash equivalents at the end of the year</b>		
i) Cash on hand	10,079.91	10,794.43
ii) Cheques on hand	4,698.24	7,367.11
iii) Balances with scheduled banks in:		
Current accounts	59,641.88	165,145.63
Unclaimed dividend accounts *	923.26	821.59
Deposits with original maturity of less than three months	5,036.28	164,704.00
<b>Total cash and cash equivalents (note 15)</b>	<b>80,379.57</b>	<b>348,832.76</b>

Significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

**Notes**

- The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules 2014.
- All figures in brackets indicate outflow.
- Direct tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- The amalgamation of SEFCL with Company is non-cash transaction and hence, has no impact on the Company's cash flow for the year (Refer note 33).
- \*5) These balances are not available for use by the Company as they represent corresponding unclaimed dividend liability.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E /  
E300005

Chartered Accountants

**per Shrawan Jalan**  
Partner  
Membership No. 102102

Mumbai  
April 29, 2016

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W

Chartered Accountants

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company**  
**Limited**

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Parag Sharma**  
Chief Financial Officer

**Umesh Revankar**  
Managing Director  
DIN: 00141189

**Vivek M. Achwal**  
Company Secretary



**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

<b>(d)</b>	<p><b>Fixed assets, depreciation/amortisation and impairment</b></p> <p><b>Tangible Fixed assets</b></p> <p>Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.</p> <p><b>Depreciation on tangible fixed assets</b></p> <p>Depreciation on tangible fixed asset is provided on Straight Line basis ('SLM') using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful life to provide depreciation on its fixed assets:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Useful life as prescribed by Schedule II of the Companies Act, 2013</th> <th style="text-align: center;">Useful life estimated by Company</th> </tr> </thead> <tbody> <tr><td>Building</td><td style="text-align: center;">60 years</td><td style="text-align: center;">60 years</td></tr> <tr><td>Plant and machinery</td><td style="text-align: center;">15 years</td><td style="text-align: center;">15 years</td></tr> <tr><td>Electrical equipment</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Generator</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Furniture and fixture</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Air conditioner</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Electronic equipment</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Office equipment</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Refrigerator</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Motor car</td><td style="text-align: center;">8 years</td><td style="text-align: center;">8 years</td></tr> <tr><td>Vehicles</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Server and networking</td><td style="text-align: center;">6 years</td><td style="text-align: center;">6 years</td></tr> <tr><td>Computer</td><td style="text-align: center;">3 years</td><td style="text-align: center;">3 years</td></tr> </tbody> </table> <p>Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months.</p> <p>Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.</p>	Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company	Building	60 years	60 years	Plant and machinery	15 years	15 years	Electrical equipment	10 years	10 years	Generator	10 years	10 years	Furniture and fixture	10 years	10 years	Air conditioner	5 years	5 years	Electronic equipment	5 years	5 years	Office equipment	5 years	5 years	Refrigerator	5 years	5 years	Motor car	8 years	8 years	Vehicles	10 years	10 years	Server and networking	6 years	6 years	Computer	3 years	3 years
Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful life estimated by Company																																									
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Server and networking	6 years	6 years																																									
Computer	3 years	3 years																																									
	<p><b>Intangible assets</b></p> <p>Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.</p> <p>Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Rates (SLM)</th> </tr> </thead> <tbody> <tr> <td>Computer software</td> <td style="text-align: center;">33.33%</td> </tr> </tbody> </table> <p>Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of acquisition/sale.</p>	Particulars	Rates (SLM)	Computer software	33.33%																																						
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Computer software	33.33%																																										

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

	<p><b>Impairment of fixed assets</b></p> <p>The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p> <p>A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in Statement of Profit and Loss, unless the same is carried at revalued amount and treated as revaluation reserve.</p>
<b>(e)</b>	<p><b>Investments</b></p> <p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p> <p>An investment in buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.</p>
<b>(f)</b>	<p><b>Provisioning / Write-off of assets</b></p> <p>Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as and when amended. Delinquencies on assets securitised/assigned are provided for based on management estimates.</p> <p>Provision on standard assets is made as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as and when amended</p>
<b>(g)</b>	<p><b>Loans</b></p> <p>Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the Balance Sheet date as reduced by the amounts received and loans securitised.</p>
<b>(h)</b>	<p><b>Leases</b></p> <p><b>Where the Company is the lessor</b></p> <p>Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.</p> <p><b>Where the Company is the lessee</b></p> <p>Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

<b>(i)</b>	<p><b>Foreign currency translation</b></p> <p><b>Initial recognition</b></p> <p>Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.</p> <p><b>Conversion</b></p> <p>Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.</p> <p><b>Exchange differences</b></p> <p>All exchange differences are dealt with including differences arising on translation settlement of monetary items in the Statement of Profit and Loss.</p>
	<p><b>Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability</b></p> <p>The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.</p>
<b>(j)</b>	<p><b>Revenue recognition</b></p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.</p> <ol style="list-style-type: none"> <li>i. Income from financing activities is recognised on the basis of internal rate of return on time proportion basis. All other charges relating to financing activities are recognised on accrual basis.</li> <li>ii. Subvention income is recognised as income over the tenor of the loan agreements. For the agreements foreclosed/transferred through assignment, balance of subvention income is recognised as income at the time of such foreclosure/transfer through assignment.</li> <li>iii. Income recognised and remaining unrealised after installments become overdue for five months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.</li> <li>iv. Additional finance charges/additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.</li> <li>v. Income apportioned on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' /agreements. Loss, if any/expenditure for securitisation /direct assignment is recognised upfront.</li> <li>vi. Interest income on fixed deposits/margin money, call money (Collateralised borrowing and lending obligation), certificate of deposits, pass through certificates, subordinated debts, government securities, inter corporate deposits and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.</li> </ol>

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2016**

	<p>vii. Dividend is recognised as income when right to receive payment is established by the date of Balance Sheet.</p> <p>viii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognised at the time of actual sale/redemption.</p> <p>ix. Income from services is recognised as per the terms of the contract on accrual basis.</p> <p>x. Income from operating lease is recognised as rentals, as accrued on straight line basis over the period of the lease.</p>
<b>(k)</b>	<b>Retirement and other employee benefits</b>
	<p><b>Provident fund</b></p> <p>Retirement benefit in the form of provident fund is a defined contribution scheme. All the employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.</p> <p><b>Gratuity</b></p> <p>The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method. The Company fully contributes all ascertained liabilities to The Trustees - Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.</p> <p><b>Leave encashment</b></p> <p>Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.</p> <p>The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the Projected Unit Credit Method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.</p> <p>The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

<b>(l)</b>	<b>Income tax</b>
	<p>Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.</p> <p>The un-recognised deferred tax assets are re-assessed by the Company at each Balance Sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>The carrying cost of the deferred tax assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>
<b>(m)</b>	<b>Segment reporting policies</b>
	<p><b>Identification of segments:</b></p> <p>The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.</p> <p><b>Unallocated items:</b></p> <p>Unallocated items include income and expenses which are not allocated to any reportable business segment.</p> <p><b>Segment policies :</b></p> <p>The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.</p>
<b>(n)</b>	<b>Earnings per share</b>
	<p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.</p>
<b>(o)</b>	<b>Provisions</b>
	<p>A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.</p>

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2016**

<b>(p)</b>	<b>Cash and cash equivalents</b>
	Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.
<b>(q)</b>	<b>Equity shares and debentures issue expenses</b>
	Expenses incurred on issue of equity shares are charged to Statement of Profit and Loss on a straight line basis over a period of 10 years. Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.  Expenses incurred for private placement of debentures, are charged to Statement of Profit and Loss in the year in which they are incurred.
<b>(r)</b>	<b>Borrowing costs</b>
	Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.
<b>(s)</b>	<b>Employee stock compensation costs</b>
	In accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.
<b>(t)</b>	<b>Contingent liabilities</b>
	A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 3- Share Capital	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b>		
647,000,000 (March 31, 2015: 397,000,000) Equity shares of Rs.10/- each	64,700.00	39,700.00
95,000,000 (March 31, 2015: 20,000,000) Preference shares of Rs.100/- each	95,000.00	20,000.00
	<b>159,700.00</b>	<b>59,700.00</b>
<b>Issued and subscribed share capital</b>		
226,936,877( March 31, 2015: 226,936,877) equity shares of Rs. 10/- each	22,693.69	22,693.69
<b>Paid up (fully paid up)</b>		
Equity shares		
226,882,736 (March 31, 2015: 226,882,736) equity shares of Rs. 10/- each	22,688.27	22,688.27
	<b>22,688.27</b>	<b>22,688.27</b>
48,000 equity shares of Rs.10/- each (Rs. 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,690.67</b>	<b>22,690.67</b>

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.	As at March 31, 2016		As at March 31, 2015	
	Numbers of shares	Rs. in lacs	Numbers of shares	Rs. in lacs
Shares outstanding at the beginning of the year	226,882,736	22,688.27	226,882,736	22,688.27
Movement during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>226,882,736</b>	<b>22,688.27</b>	<b>226,882,736</b>	<b>22,688.27</b>

**b. Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2016, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 10.00 (March 31, 2015 : Rs. 10.00). Out of the total dividend declared during the year ended March 31, 2016, amount of interim dividend paid was Rs. 4.00 per equity share (March 31, 2015: Rs. 4.00) and amount of final dividend proposed was Rs. 6.00 per equity share ( March 31, 2015: Rs. 6.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

During the year ended March 31, 2016 Nil (March 31, 2015: Nil) equity shares were vested and exercised.

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2016****d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:**

The Company has issued total 722,068 equity shares (March 31, 2015 : 1,364,918) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 (March 31, 2015 : 500,868) equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited.

**e. Details of shareholders holding more than 5% equity shares in the Company**

Details of shareholding	As at March 31, 2016		As at March 31, 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of Rs. 10/- each</b>				
Shriram Capital Limited	59,103,162	26.05%	59,103,162	26.05%
Piramal Enterprises Limited	22,600,000	9.96%	22,600,000	9.96%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

	(Rs. in lacs)	
Note 4- Reserves and surplus	As at March 31, 2016	As at March 31, 2015
<b>Capital reserve</b>	2,761.83	2,761.83
<b>Capital redemption reserve</b>	5,388.35	5,388.35
<b>Securities premium account</b>	175,481.06	175,481.06
<b>Debenture redemption reserve</b>		
Balance as per last account	62,791.26	41,335.44
Add: Transfer from surplus balance in the Statement of Profit and Loss	31,310.86	31,389.47
Less: Transfer to Statement of Profit and Loss on account of redemption	(15,267.47)	(9,933.65)
<b>Closing balance</b>	<b>78,834.65</b>	<b>62,791.26</b>
<b>Other reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	180,199.79	155,199.79
Add: Additions on account of amalgamation as on April 01, 2015 (Refer note 33 )	4,655.65	-
Add: Transfer from surplus balance in the Statement of Profit and Loss	24,000.00	25,000.00
<b>Closing balance</b>	<b>208,855.44</b>	<b>180,199.79</b>
<b>General reserve</b>		
Balance as per last account	90,653.63	78,153.63
Add: Transfer from surplus balance in the Statement of Profit and Loss	12,000.00	12,500.00
<b>Closing balance</b>	<b>102,653.63</b>	<b>90,653.63</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last account	383,829.91	346,310.96
Add: Additions on account of amalgamation as on April 01, 2015 (Refer note 33)	(3,503.89)	-
Depreciation charged off from retained profit as per Schedule II to The Companies Act, 2013	-	(124.33)
Deferred tax expenses on above	-	42.26
Add: Profit for the current year	117,819.76	123,780.98
Add: Excess provision written back-tax on dividend	-	0.42
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(24,000.00)	(25,000.00)
Transfer to general reserve	(12,000.00)	(12,500.00)
Transfer to/from debenture redemption reserve	(16,043.39)	(21,455.82)
Interim dividend [amount per share Rs. 4.00 (March 31, 2015: Rs. 4.00)]	(9,075.31)	(9,075.31)
Tax on interim dividend	(1,897.02)	(1,814.51)
Proposed final dividend [amount per share Rs. 6.00 (March 31, 2015: Rs. 6.00)]	(13,612.96)	(13,612.96)
Tax on proposed dividend	(2,771.28)	(2,721.78)
<b>Total appropriations</b>	<b>(79,399.96)</b>	<b>(86,180.38)</b>
<b>Net surplus in Statement of Profit and Loss</b>	<b>418,745.82</b>	<b>383,829.91</b>
<b>Total</b>	<b>992,720.78</b>	<b>901,105.83</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

(Rs. in lacs)

Note 5- Long-term borrowings	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities*	Non-current portion	Current maturities*
Subordinated debts (Unsecured)	330,198.40	21,427.42	329,934.46	66,100.82
<b>Redeemable non-convertible debentures</b>				
Secured	1,057,917.41	554,685.49	1,380,890.97	396,866.53
Less: Unamortised discount	(0.08)	(27.67)	(27.92)	(117.73)
	1,057,917.33	554,657.82	1,380,863.05	396,748.80
Unsecured	-	-	-	2,150.00
<b>Term loans from banks</b>				
Unsecured	10,000.00	12,000.00	10,000.00	-
Secured	938,402.76	755,728.36	897,040.56	435,638.46
Fixed deposits (Unsecured) #	582,030.05	197,625.47	470,043.50	65,929.39
<b>Term loans from financial institutions / corporates</b>				
Secured	108,000.00	77,566.67	68,900.00	37,800.00
<b>Loans and advances from related parties</b>				
Subordinated debts (Unsecured)				
from Subsidiary	67.64	11.00	-	-
from Relative of key management personnel	0.80	0.30	1.10	-
from Enterprises having significant influence over the Company	311.14	28.80	239.94	28.09
Redeemable non-convertible debentures (Secured)				
from Key management personnel	-	3.00	3.00	-
from Relative of key management personnel	2.20	9.75	11.89	2.44
from Enterprises having significant influence over the Company	-	5.00	5.00	-
Fixed deposits (Unsecured)				
from Relative of key management personnel	37.06	4.09	33.98	3.00
<b>Total</b>	<b>3,026,967.38</b>	<b>1,619,067.68</b>	<b>3,157,076.48</b>	<b>1,004,401.00</b>

\* Amount disclosed under the note 6-Other current liabilities

# Includes deposits from corporates Rs. 28,161.91 lacs (March 31, 2015 Rs. 7,308.61 lacs).

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

**A) Subordinated debt -unsecured**

**i) Privately placed subordinated debts of Rs. 100,000/- each**

Terms of repayment as on March 31, 2016

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
48-60 months	-	7,300.00	-	7,300.00
36-48 months	-	6,469.00	-	6,469.00
24-36 months	-	-	4,541.00	4,541.00
<b>Total</b>	-	<b>13,769.00</b>	<b>4,541.00</b>	<b>18,310.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>5,000.00</b>	-	<b>5,000.00</b>
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Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	7,300.00	-	7,300.00
48-60 months	-	6,469.00	-	6,469.00
36-48 months	-	-	4,541.00	4,541.00
12-24 months	-	5,000.00	-	5,000.00
<b>Total</b>	-	<b>18,769.00</b>	<b>4,541.00</b>	<b>23,310.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>25,577.00</b>	-	<b>25,577.00</b>
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**ii) Privately placed subordinated debts of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2016

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	71,210.00	5,000.00	76,210.00
48-60 months	-	45,000.00	-	45,000.00
36-48 months	-	7,000.00	-	7,000.00
24-36 months	2,500.00	25,630.00	6,670.00	34,800.00
12-24 months	-	25,500.00	-	25,500.00
<b>Total</b>	<b>2,500.00</b>	<b>174,340.00</b>	<b>11,670.00</b>	<b>188,510.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>5,000.00</b>	<b>2,500.00</b>	<b>7,500.00</b>
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**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

**Terms of repayment as on March 31, 2015**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	104,010.00	-	<b>104,010.00</b>
48-60 months	-	7,000.00	-	<b>7,000.00</b>
36-48 months	2,500.00	25,630.00	5,000.00	<b>33,130.00</b>
24-36 months	-	25,000.00	-	<b>25,000.00</b>
12-24 months	-	5,000.00	-	<b>5,000.00</b>
<b>Total</b>	<b>2,500.00</b>	<b>166,640.00</b>	<b>5,000.00</b>	<b>174,140.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>35,000.00</b>	-	<b>35,000.00</b>
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**iii) Privately placed subordinated debts of Rs. 1,000/- each**

**Terms of repayment as on March 31, 2016**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
48-60 months	-	34,263.46	-	<b>34,263.46</b>
36-48 months	-	31,431.66	-	<b>31,431.66</b>
24-36 months	5.40	47,109.29	-	<b>47,114.69</b>
12-24 months	1,481.88	6,589.06	-	<b>8,070.94</b>
<b>Total</b>	<b>1,487.28</b>	<b>119,393.47</b>	-	<b>120,880.75</b>

**Current maturity**

<b>Upto 12 months</b>	<b>46.99</b>	<b>3,487.45</b>	-	<b>3,534.44</b>
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**Terms of repayment as on March 31, 2015**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	34,263.46	-	<b>34,263.46</b>
48-60 months	-	31,431.66	-	<b>31,431.66</b>
36-48 months	5.40	47,109.29	-	<b>47,114.69</b>
24-36 months	1,481.88	6,589.06	-	<b>8,070.94</b>
12-24 months	46.99	3,487.45	-	<b>3,534.44</b>
<b>Total</b>	<b>1,534.27</b>	<b>122,880.92</b>	-	<b>124,415.19</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>5,551.41</b>	<b>0.50</b>	<b>5,551.91</b>
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**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

**iv) Public issue of subordinated debt of Rs. 1,000/- each (2010)-quoted**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on
Option -IV	10.40%	91.00	91.00	1-Jun-17
	10.81%	-	1,687.00	1-Mar-17
	11.25%	-	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17
<b>Total</b>		<b>2,877.23</b>	<b>8,310.31</b>	

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on
Option -IV	10.81%	1,687.00	-	1-Mar-17
	11.25%	3,746.08	-	1-Dec-16
<b>Total</b>		<b>5,433.08</b>	<b>-</b>	

(Rs. in lacs)

Total subordinated debts	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	327,700.75	16,034.44	321,865.19	66,128.91
Public issue (iv)	2,877.23	5,433.08	8,310.31	-
<b>Total subordinated debts</b>	<b>330,577.98</b>	<b>21,467.52</b>	<b>330,175.50</b>	<b>66,128.91</b>
Less: issued to related parties	379.58	40.10	241.04	28.09
<b>Total</b>	<b>330,198.40</b>	<b>21,427.42</b>	<b>329,934.46</b>	<b>66,100.82</b>

**B) Non-convertible debenture (NCD) -secured**

**i) Privately placed redeemable non-convertible debentures of Rs. 1,000/- each**

Terms of repayment as on March 31, 2016

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
24-36 months	-	1,965.83	-	-	<b>1,965.83</b>
12-24 months	-	9,278.37	939.52	-	<b>10,217.89</b>
<b>Total</b>	-	<b>11,244.20</b>	<b>939.52</b>	-	<b>12,183.72</b>
<b>Current maturity</b>					
<b>Upto 12 months</b>	<b>1.84</b>	<b>47,004.19</b>	<b>719.40</b>	<b>0.88</b>	<b>47,726.31</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

Terms of repayment as on March 31, 2015

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
36-48 months	-	1,967.83	-	-	1,967.83
24-36 months	-	9,279.12	939.52	-	10,218.64
12-24 months	1.84	47,141.27	719.40	0.88	47,863.39
<b>Total</b>	<b>1.84</b>	<b>58,388.22</b>	<b>1,658.92</b>	<b>0.88</b>	<b>60,049.86</b>

Current maturity

<b>Upto 12 months</b>	<b>2,576.83</b>	<b>136,882.22</b>	<b>-</b>	<b>792.60</b>	<b>140,251.65</b>
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Nature of security

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

\* Amount pertains to debentures issued prior to notification of the RBI Circular DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013.

(ii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2016

Long term borrowing (gross of unamortised discount on debenture of Rs. 0.08 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12% ^	>= 12% < 14%	>= 14% < 16%	
Over 60 months	116,460.00	136,720.00	-	-	253,180.00
48-60 months	19,000.00	102,500.00	-	-	121,500.00
36-48 months	158,000.00	-	-	-	158,000.00
24-36 months	46,200.00	37,800.00	-	-	84,000.00
12-24 months^	34,130.00	97,000.00	500.00	-	131,630.00
<b>Total</b>	<b>373,790.00</b>	<b>374,020.00</b>	<b>500.00</b>	<b>-</b>	<b>748,310.00</b>

^NCD amounting to Rs. 1,000.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Current maturity ( gross of unamortised discount on debenture of Rs. 27.67 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%¥	>= 10% < 12%*^¥	>= 12% < 14%	>= 14% < 16%	
<b>upto 12 months*^¥</b>	<b>196,500.00</b>	<b>165,805.00</b>	<b>-</b>	<b>-</b>	<b>362,305.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 680.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
2	9.85%	20,000.00	20-Jul-16
<b>Total</b>		<b>20,625.00</b>	

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

Terms of repayment as on March 31, 2015

Long term borrowing (gross of unamortised discount on debenture of Rs. 27.92 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% *^¥	>= 12% < 14%^	>= 14% < 16%	
Over 60 months	128,460.00	239,220.00	-	-	367,680.00
48-60 months	17,000.00	150,000.00	-	-	167,000.00
36-48 months^	11,500.00	27,400.00	-	-	38,900.00
24-36 months^	29,100.00	97,000.00	500.00	-	126,600.00
12-24 months*^¥	130,000.00	135,805.00	-	-	265,805.00
<b>Total</b>	<b>316,060.00</b>	<b>649,425.00</b>	<b>500.00</b>	-	<b>965,985.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 35,600.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 117.73 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%¥	>= 10% < 12%^¥	>= 12% < 14%	>= 14% < 16%	
upto 12 months^¥	54,500.00	72,100.00	-	-	126,600.00

^NCD amounting to Rs. 1,950.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	9.90%	20,000.00	20-Jul-15
2	10.95%	30,000.00	25-Sep-15
3	9.35%	20,000.00	22-Jun-15
<b>Total</b>		<b>70,000.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

(iii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each

Terms of repayment as on March 31, 2016

Long term borrowing (gross of unamortised discount on debenture of Rs. Nil.)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
12-24 months*	-	1,200.00	-	-	1,200.00
<b>Total</b>	-	<b>1,200.00</b>	-	-	<b>1,200.00</b>

\*Partly paid to the extent of Rs. 100,000/-

Current maturity (gross of unamortised discount on debenture of Rs. Nil.)

Outstanding as at March 31, 2016 : Rs. Nil.

Terms of repayment as on March 31, 2015

Long term borrowing (gross of unamortised discount on debenture of Rs. Nil.)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
24-36 months*	-	1,200.00	-	-	1,200.00
<b>Total</b>	-	<b>1,200.00</b>	-	-	<b>1,200.00</b>

\*Partly paid to the extent of Rs. 100,000/-

Current maturity (gross of unamortised discount on debenture of Rs. Nil.)

<b>Upto 12 months*</b>	-	<b>1,000.00</b>	-	-	<b>1,000.00</b>
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\*Partly paid to the extent of Rs. 1,000,000/-

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

iv) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each - (2010)

Terms of repayment

Long term borrowing

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Option -II	9.50%	278.58	-	1-Jun-17	-
	10.00%	453.23	-	1-Jun-17	-
	10.25%	3,157.85	-	1-Jun-17	-
	10.50%	571.77	-	1-Jun-17	-
<b>Total</b>		<b>4,461.43</b>	-		

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

Current maturity		(Rs. in lacs)			
Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Option -I	9.00%	-	1,424.68	1-Jun-15	-
	9.50%	-	3,918.31	1-Jun-15	-
	9.75%	-	1,160.23	1-Jun-15	-
	10.00%	-	210.37	1-Jun-15	-
Option -II	9.50%	-	897.03	1-Jun-17	2-Jun-15
	10.00%	-	785.25	1-Jun-17	2-Jun-15
	10.25%	-	3,799.51	1-Jun-17	2-Jun-15
	10.50%	-	672.17	1-Jun-17	2-Jun-15
Option -III	9.75%	-	807.77	1-Jun-15	-
	10.25%	-	782.70	1-Jun-15	-
	10.50%	-	1,779.74	1-Jun-15	-
	10.75%	-	359.56	1-Jun-15	-
<b>Total</b>		-	<b>16,597.32</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 1,000.00 lacs on 14-July-2011, Rs 128.64 lacs on 28-October-2014 and as per the terms of the issue Rs. 7,472.34 lacs were redeemed on 1-June-2013, Rs. 7,472.34 lacs were redeemed on 1-June-2014, Rs. 10,443.36 lacs were redeemed on 01-June-2015.

Put options were exercised for option I on 1-June-2013 and Rs. 9,019.04 lacs were paid on 05-July-2013 in compliance with the terms of issue.

Put options were exercised for option II on 1-June-2015 and Rs. 1,440.95 lacs were paid on 02-July-2015 and Rs. 251.58 lacs were paid on 03-July-2015 in compliance with the terms of issue.

**v) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2011)**

**Terms of repayment**

**Long term borrowing**

Outstanding as at March 31, 2016 and March 31, 2015: Rs. Nil.

Current maturity		(Rs. in lacs)			
Option detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Option -I	11.60%	52,241.36	53,467.20	11-Jul-16	12-Jul-15
	11.35%	23,254.35	24,304.40	11-Jul-16	12-Jul-15
	11.10%	7,264.68	7,324.64	11-Jul-16	12-Jul-15
<b>Total</b>		<b>82,760.39</b>	<b>85,096.24</b>		

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2016****Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the Company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 28.73 lacs on 28-October-2014 and as per the terms of the issue Rs. 14,874.96 lacs were redeemed on 11-July-2014.

Put options were exercised for option I on 12-July-2015 and Rs. 225.45 lacs were paid on 12-August-2015 and Rs. 2,110.40 lacs were paid on 13-August-2015 in compliance with the terms of issue.

**vi) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2012)****Terms of repayment****Long term borrowing****(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series –II	11.40%	13,382.08	13,349.04	9-Aug-17	-
	10.50%	12,812.18	12,845.22	9-Aug-17	-
Series –IV	11.40%	6,288.04	6,251.50	9-Aug-17	-
	10.50%	139.09	175.63	9-Aug-17	-
<b>Total</b>		<b>32,621.39</b>	<b>32,621.39</b>		

**Terms of repayment****Current maturity****(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series –I	11.15%	-	8,572.90	9-Aug-15	-
	10.25%	-	14,871.99	9-Aug-15	-
Series –III	11.15%	-	3,731.19	9-Aug-15	-
	10.25%	-	147.68	9-Aug-15	-
<b>Total</b>		<b>-</b>	<b>27,323.76</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non-convertible debentures of Rs. 54.85 lacs on 28-October-2014.

As per the terms of the issue Rs. 27,323.76 lacs were redeemed on 07-August-2015.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**vii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-1**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	10.90%	-	12,850.81	1-Aug-16	-
	9.65%	-	13,542.26	1-Aug-16	-
Series -II	11.15%	11,558.97	11,561.58	31-Jul-17	-
	9.80%	3,381.06	3,378.46	31-Jul-17	-
	11.15%	11,558.97	11,561.58	31-Jul-18	-
	9.80%	3,381.07	3,378.46	31-Jul-18	-
Series -III	10.63%	5,822.11	5,801.02	31-Jul-18	-
	9.40%	74.91	96.00	31-Jul-18	-
Series -IV	10.90%	-	6,044.39	1-Aug-16	-
	9.65%	-	72.64	1-Aug-16	-
Series -V	11.15%	2,597.72	2,631.70	31-Jul-17	-
	9.80%	43.63	9.66	31-Jul-17	-
	11.15%	2,597.72	2,631.70	31-Jul-18	-
	9.80%	43.64	9.64	31-Jul-18	-
<b>Total</b>		<b>41,059.80</b>	<b>73,569.90</b>		

**Current maturity**

**(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	10.90%	12,819.78	-	1-Aug-16	-
	9.65%	13,573.29	-	1-Aug-16	-
Series -IV	10.90%	6,067.30	-	1-Aug-16	-
	9.65%	49.73	-	1-Aug-16	-
<b>Total</b>		<b>32,510.10</b>	-		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 73,589.04 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non-convertible debentures of Rs. 19.14 lacs on 28-October-2014.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**viii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	11.25%	-	7,745.00	24-Oct-16	-
	10.75%	-	19,390.84	24-Oct-16	-
Series -II	11.50%	3,165.18	3,167.15	24-Oct-18	-
	10.75%	7,488.34	7,486.37	24-Oct-18	-
Series -III	11.75%	4,703.56	4,710.54	24-Oct-20	-
	10.75%	3,053.99	3,047.01	24-Oct-20	-
Series -IV	11.25%	-	2,250.99	24-Oct-16	-
	10.75%	-	14.61	24-Oct-16	-
Series -V	11.50%	806.60	809.92	24-Oct-18	-
	10.75%	8.37	5.05	24-Oct-18	-
Series -VI	11.75%	1,349.17	1,348.34	24-Oct-20	-
	10.75%	23.35	24.18	24-Oct-20	-
<b>Total</b>		<b>20,598.56</b>	<b>50,000.00</b>		

**Current maturity**

**(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series -I	11.25%	7,749.14	-	24-Oct-16	-
	10.75%	19,386.70	-	24-Oct-16	-
Series -IV	11.25%	2,250.16	-	24-Oct-16	-
	10.75%	15.44	-	24-Oct-16	-
<b>Total</b>		<b>29,401.44</b>	<b>-</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 50,000.00 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**ix) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2016	As at March 31, 2015	Redeemable at par on	Put and Call option
Series I	9.85%	111,397.42	111,578.53	15-Jul-17	-
	11.00%	6,980.86	6,571.96	15-Jul-17	-
	11.25%	7,514.40	7,742.19	15-Jul-17	-
Series II	10.00%	33,235.44	33,145.30	15-Jul-19	-
	11.25%	3,175.43	3,138.76	15-Jul-19	-
	11.50%	2,000.16	2,126.97	15-Jul-19	-
Series III	10.15%	5,334.05	5,588.00	15-Jul-21	-
	11.50%	5,765.62	5,327.02	15-Jul-21	-
	11.75%	2,507.20	2,691.85	15-Jul-21	-
Series IV	9.57%	45.42	51.76	15-Jul-19	-
	10.71%	1,512.84	1,427.85	15-Jul-19	-
	10.94%	1,225.38	1,304.03	15-Jul-19	-
Series V	9.71%	2.51	2.17	15-Jul-21	-
	10.94%	2,158.80	2,090.82	15-Jul-21	-
	11.17%	1,357.35	1,425.67	15-Jul-21	-
Series VI	9.85%	5,007.91	5,018.55	15-Jul-17	-
	11.00%	2,899.34	2,803.29	15-Jul-17	-
	11.25%	1,032.70	1,118.11	15-Jul-17	-
Series VII	10.00%	6.05	4.55	15-Jul-19	-
	11.25%	1,048.43	1,023.08	15-Jul-19	-
	11.50%	465.75	492.60	15-Jul-19	-
Series VIII	10.15%	33.57	33.17	15-Jul-21	-
	11.50%	1,947.07	1,893.46	15-Jul-21	-
	11.75%	831.01	885.02	15-Jul-21	-
<b>Total</b>		<b>197,484.71</b>	<b>197,484.71</b>		

**Current maturity**

Outstanding as at March 31, 2016 and March 31, 2015: Rs. Nil.

**Nature of Security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 197,484.71 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

Total non-convertible debentures- secured	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	761,693.72	410,031.31	1,027,234.86	267,851.65
Public issue (iv+v+vi+vii+viii+ix)	296,225.89	144,671.93	353,676.00	129,017.32
<b>Total non-convertible debentures- secured</b>	<b>1,057,919.61</b>	<b>554,703.24</b>	<b>1,380,910.86</b>	<b>396,868.97</b>
Less: issued to related parties	2.20	17.75	19.89	2.44
<b>Total</b>	<b>1,057,917.41</b>	<b>554,685.49</b>	<b>1,380,890.97</b>	<b>396,866.53</b>

**C) Redeemable non-convertible debentures (NCD)- unsecured**

Privately placed unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2016

Long term borrowing

Outstanding as at March 31, 2016 : Rs. Nil.

Current maturity

Outstanding as at March 31, 2016 : Rs. Nil.

Terms of repayment as on March 31, 2015

Long term borrowing

Outstanding as at March 31, 2015 : Rs. Nil.

Current maturity ( gross of unamortised discount on debenture of Rs. Nil )

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%	>=10% <12%^	Total
upto 12 months^	-	2,150.00	<b>2,150.00</b>
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**D) Term loans from bank- unsecured**

As at March 31, 2016

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
12-24 months	13.45%	Bullet	10,000.00	-
upto 12 months	9.60%	Bullet	-	12,000.00
<b>Total</b>			<b>10,000.00</b>	<b>12,000.00</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**As at March 31, 2015**

**Terms of repayment**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
24-36 months	14.00%	Bullet	10,000.00	-
<b>Total</b>			<b>10,000.00</b>	<b>-</b>

**E) Term loans from banks -secured**

**As at March 31, 2016**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion #</b>	<b>Current maturities #</b>
48-60 months	9.40% to 9.95%	16 to 20 installments of quarterly frequency	361,106.87	96,187.50
36-48 months	9.45% to 10.25%	16 to 20 installments of quarterly frequency	190,066.72	70,225.00
24-36 months	9.25% to 10.65%	3 to 48 installments of monthly, quarterly, half-yearly and yearly frequency	285,536.33	175,512.33
12-24 months	9.34% to 10.60%	1 to 48 installments of bullet, monthly, quarterly, half-yearly, yearly and specific frequency	101,692.84	131,893.67
upto 12 months	9.20% to 11.00%	1 to 60 installments of bullet, monthly, quarterly, half-yearly, yearly and specific frequency	-	281,909.86
<b>Total</b>			<b>938,402.76</b>	<b>755,728.36</b>

# Loans are classified in respective time buckets based on option date.

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans.

**As at March 31, 2015**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion #</b>	<b>Current maturities #</b>
48-60 months	10.35% to 10.75%	16 to 20 installments of quarterly frequency	207,061.63	49,812.50
36-48 months	10.10% to 11.25%	10 to 48 installments of monthly, quarterly and half-yearly frequency	303,609.73	88,000.00
24-36 months	10.35% to 11.25%	5 to 48 installments of monthly, quarterly, half-yearly, yearly and specific frequency	202,164.10	119,568.67
12-24 months	9.85% to 11.25%	1 to 60 installments of bullet, monthly, quarterly, half-yearly and specific frequency	184,205.10	108,214.29
upto 12 months (* refer security details)	9.00% to 12.25%	3 to 60 installments of monthly, quarterly, half-yearly and yearly frequency	-	70,043.00
<b>Total</b>			<b>897,040.56</b>	<b>435,638.46</b>

# Loans are classified in respective time buckets based on option date.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

<b>(Rs. in lacs)</b>	
<b>Nature of security</b>	<b>As at March 31, 2015</b>
a) * includes secured by hypothecation of vehicles for own use	0.44
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,332,678.58
<b>Total</b>	<b>1,332,679.02</b>

**F) Fixed deposits- unsecured -Refer note 26**

**Terms of repayment as on March 31, 2016**

**Long term borrowing**

**(Rs. in lacs)**

<b>Redeemable at par ( from the date of the Balance Sheet)</b>	<b>Rate of interest</b>		<b>Total</b>
	<b>&lt; 10%</b>	<b>&gt;= 10% &lt; 12%</b>	
48-60 months	37,146.33	-	<b>37,146.33</b>
36-48 months	8,224.08	24,046.33	<b>32,270.41</b>
24-36 months	206,850.56	12,876.90	<b>219,727.46</b>
12-24 months	33,110.82	259,812.09	<b>292,922.91</b>
<b>Total</b>	<b>285,331.79</b>	<b>296,735.32</b>	<b>582,067.11</b>

**Current maturity**

<b>Upto 12 months</b>	<b>63,311.06</b>	<b>134,318.50</b>	<b>197,629.56</b>
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**Terms of repayment as on March 31, 2015**

**Long term borrowing**

**(Rs. in lacs)**

<b>Redeemable at par ( from the date of the Balance Sheet)</b>	<b>Rate of interest</b>		<b>Total</b>
	<b>&lt; 10%</b>	<b>&gt;= 10% &lt; 12%</b>	
48-60 months	5,136.39	24,017.39	<b>29,153.78</b>
36-48 months	305.36	12,958.74	<b>13,264.10</b>
24-36 months	19,388.02	262,174.47	<b>281,562.49</b>
12-24 months	9,874.37	136,222.74	<b>146,097.11</b>
<b>Total</b>	<b>34,704.14</b>	<b>435,373.34</b>	<b>470,077.48</b>

**Current maturity**

<b>Upto 12 months</b>	<b>37,711.68</b>	<b>28,220.71</b>	<b>65,932.39</b>
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**(Rs. in lacs)**

<b>Particulars</b>	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Non-current portion</b>	<b>Current maturities</b>	<b>Non-current portion</b>	<b>Current maturities</b>
Total Fixed deposits	582,067.11	197,629.56	470,077.48	65,932.39
Less: issued to related parties	37.06	4.09	33.98	3.00
<b>Total</b>	<b>582,030.05</b>	<b>197,625.47</b>	<b>470,043.50</b>	<b>65,929.39</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**G) Term Loan from financial institutions/corporates -secured**

**As at March 31, 2016**

**Terms of repayment**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
48-60 months	9.70%	20 installments of quarterly frequency	59,000.00	16,000.00
36-48 months	9.70%	20 installments of quarterly frequency	16,500.00	6,000.00
24-36 months	10.50%	6 installments of half -yearly frequency	25,000.00	16,666.67
12-24 months	9.70%	20 installments of specific frequency	7,500.00	10,000.00
upto 12 months	9.70% to 10.00%	1 to 12 installments of bullet and specific frequency	-	28,900.00
<b>Total</b>			<b>108,000.00</b>	<b>77,566.67</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**As at March 31, 2015**

**Terms of repayment**

**(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
48-60 months	10.00%	20 installments of quarterly frequency	22,500.00	6,000.00
24-36 months	10.00%	20 installments of specific frequency	17,500.00	10,000.00
12-24 months	10.00%	1 to 12 installments of bullet and specific frequency	28,900.00	16,800.00
upto 12 months	10.00%	11 installments of specific frequency	-	5,000.00
<b>Total</b>			<b>68,900.00</b>	<b>37,800.00</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**(Rs. in lacs)**

<b>Total long-term borrowings</b>	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Non-current portion</b>	<b>Current maturities</b>	<b>Non-current portion</b>	<b>Current maturities</b>
Secured borrowings	2,104,322.29	1,387,970.60	2,346,823.50	870,189.70
Unsecured borrowings	922,645.09	231,097.08	810,252.98	134,211.30
<b>Total long-term borrowings</b>	<b>3,026,967.38</b>	<b>1,619,067.68</b>	<b>3,157,076.48</b>	<b>1,004,401.00</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs.in lacs)

Note 6- Other liabilities	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
Current maturities of long term debts [Refer note 5]	-	1,619,067.68	-	1,004,401.00
Interest accrued but not due on loans β	69,421.52	106,312.92	57,229.69	101,569.80
Investor education and protection fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	923.26	-	821.59
- Unclaimed matured deposits and interest accrued thereon	-	6,553.91	-	3,718.52
- Unclaimed matured debentures and interest accrued thereon	-	9,327.74	-	5,566.28
- Unclaimed matured subordinate debts and interest accrued thereon	-	2,028.85	-	1,855.92
Temporary credit balance in bank accounts	-	4,069.14	-	3,418.49
Tax deducted at source	-	2,547.59	-	1,954.32
Service tax payable	-	11.77	-	-
Statutory dues pertaining to employees	-	523.72	-	433.13
Value added tax	-	520.49	-	412.34
Works contract tax payable	-	2.29	-	3.57
Unrealised gain on securitisation *	30,657.73	66,307.82	24,387.06	50,009.19
Retention and others	16,271.38	-	15,517.51	-
<b>Total</b>	<b>116,350.63</b>	<b>1,818,197.18</b>	<b>97,134.26</b>	<b>1,174,164.15</b>

β Includes interest payable to erstwhile subsidiary M/s. Shriram Equipment Finance Company Limited Rs. Nil (March 31, 2015: Rs. 8.15 lacs ).

\* Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment.

(Rs. in lacs)

Note 7- Provisions	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
<b>For employee benefits</b>				
For gratuity	-	228.26	-	28.52
For leave encashment and availment	-	2,044.25	-	1,626.56
<b>For others</b>				
For non-performing assets	272,654.14	-	151,501.84	-
For standard assets [ Refer note (f) of note 2.1]	11,617.54	6,015.51	7,148.53	4,859.72
For service tax- contested	-	8,793.99	-	8,793.99
For value added tax	-	575.66	-	575.66
For income tax	-	16,918.04	-	7,564.75
[net of advance tax Rs. 293,427.70 lacs (March 31, 2015: Rs. 224,663.81 lacs)]				
Proposed dividend	-	13,612.96	-	13,612.96
Corporate dividend tax	-	2,771.28	-	2,721.78
<b>Total</b>	<b>284,271.68</b>	<b>50,959.95</b>	<b>158,650.37</b>	<b>39,783.94</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

<b>Note 8- Short-term borrowings</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Secured</b>		
Redeemable non-convertible debentures	25,000.00	-
<b>Term loans</b>		
From banks	102,625.00	236,344.91
<b>Loans repayable on demand (Secured)</b>		
Cash credit	201,410.34	17,022.32
<b>Unsecured</b>		
Unsecured loan from subsidiary	-	773.36
Term loan from banks	4,000.00	12,000.00
<b>Total</b>	<b>333,035.34</b>	<b>266,140.59</b>

- A) **Non-convertible debenture (NCD)-secured**  
i) **Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each**  
**Terms of repayment as on March 31, 2016**

(Rs. in lacs)

<b>Redeemable at par (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	
	<b>&lt;=10%</b>	<b>Total</b>
<b>Upto 12 months</b>	25,000.00	<b>25,000.00</b>
<b>Total</b>	<b>25,000.00</b>	<b>25,000.00</b>

Outstanding as at March 31, 2015 : Rs. Nil.

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

- B) **Term loans from bank -secured**

**Terms of repayment**

(Rs. in lacs)

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2016</b>
upto 12 months	9.30% to 9.80%	1 to 16 installments of bullet and quarterly frequency	102,625.00
<b>Total</b>			<b>102,625.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Terms of repayment**

(Rs. in lacs)

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2015</b>
upto 12 months	9.75% to 11.00%	1 to 20 installments of bullet and quarterly frequency	236,344.91
<b>Total</b>			<b>236,344.91</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**C) Term loans from bank -unsecured**

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2016
upto 12 months	9.60%	Bullet	4,000.00
<b>Total</b>			<b>4,000.00</b>

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015 #
upto 12 months	10.00%	Bullet	12,000.00
<b>Total</b>			<b>12,000.00</b>

# Loan is classified in time buckets based on option date.

**D) Cash credit from bank**

**(Rs. in lacs)**

	As at March 31, 2016	As at March 31, 2015
Secured by hypothecation of specific assets covered under hypothecation loan agreements	201,410.34	17,022.32
<b>Total</b>	<b>201,410.34</b>	<b>17,022.32</b>

**E) Unsecured loan from subsidiary**

Outstanding as at March 31, 2016 : Rs. Nil.

**(Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015
Upto 12 months	10.65%	Bullet	773.36
<b>Total</b>			<b>773.36</b>

**(Rs. in lacs)**

Total short-term borrowings	As at March 31, 2016	As at March 31, 2015
Secured borrowings	329,035.34	253,367.23
Unsecured borrowings	4,000.00	12,773.36
<b>Total short-term borrowings</b>	<b>333,035.34</b>	<b>266,140.59</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**  
**Note 9 – Tangible and Intangible Fixed Assets**

Particulars	Tangible assets							Intangible assets	
	Land - freehold	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total tangible assets	Computer software
<b>Gross block</b>									
As at April 01, 2014	14.15	387.55	8,264.55	298.81	2,221.38	78.15	7,817.35	19,081.94	1,075.41
Additions	-	25.31	1,279.75	551.31	521.13	24.64	1,807.29	4,209.43	68.23
Deletions	-	-	309.30	70.30	126.76	5.69	615.12	1,127.17	-
Adjustment*	-	-	(1,521.83)	1,521.83	-	-	-	-	-
<b>As at March 31, 2015</b>	<b>14.15</b>	<b>412.86</b>	<b>7,713.17</b>	<b>2,301.65</b>	<b>2,615.75</b>	<b>97.10</b>	<b>9,009.52</b>	<b>22,164.20</b>	<b>1,143.64</b>
Addition on account of amalgamation as at April 01, 2015 (Refer note 33)	1.27	-	187.13	2.52	7.64	-	78.52	277.08	123.45
Additions	-	-	1,057.44	405.89	400.72	38.26	1,582.45	3,484.76	105.21
Deletions	-	2.13	482.99	37.58	59.75	16.30	243.20	841.95	-
Adjustment*	-	-	(25.61)	25.61	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>15.42</b>	<b>410.73</b>	<b>8,449.14</b>	<b>2,698.09</b>	<b>2,964.36</b>	<b>119.06</b>	<b>10,427.29</b>	<b>25,084.09</b>	<b>1,372.30</b>
<b>Depreciation</b>									
As at April 01, 2014	-	93.69	3,558.67	152.92	1,320.92	68.39	3,985.57	9,180.16	910.92
Retained Earnings	-	-	16.48	107.85	-	-	-	124.33	-
Charge for the year	-	6.50	1,671.35	421.00	388.69	2.94	1,453.05	3,943.53	104.85
Deletions	-	-	266.45	61.43	102.39	5.41	592.64	1,028.32	-
Adjustment*	-	-	(309.65)	309.65	-	-	-	-	-
<b>As at March 31, 2015</b>	<b>-</b>	<b>100.19</b>	<b>4,670.40</b>	<b>929.99</b>	<b>1,607.22</b>	<b>65.92</b>	<b>4,845.98</b>	<b>12,219.70</b>	<b>1,015.77</b>
Addition on account of amalgamation as at April 01, 2015 (Refer note 33)	-	-	115.76	1.63	2.57	-	4.62	124.58	116.27
Charge for the year	-	7.99	1,293.37	416.10	173.11	5.27	1,637.56	3,533.40	94.97
Deletions	-	2.13	433.39	32.16	49.25	13.24	224.43	754.60	-
Adjustment*	-	-	(8.64)	8.64	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>-</b>	<b>106.05</b>	<b>5,637.50</b>	<b>1,324.20</b>	<b>1,733.65</b>	<b>57.95</b>	<b>6,263.73</b>	<b>15,123.08</b>	<b>1,227.01</b>
<b>Net Block</b>									
As at March 31, 2015	14.15	312.67	3,042.77	1,371.66	1,008.53	31.18	4,163.54	9,944.50	127.87
As at March 31, 2016	15.42	304.68	2,811.64	1,373.89	1,230.71	61.11	4,163.56	9,961.01	145.29

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**  
**Note 9 - Tangible and Intangible Fixed Assets**

\* Adjustment is on account of regrouping of fixed assets

	(Rs. in lacs)	
	Year ended	
<b>Depreciation and amortisation</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
on tangible assets	3,533.40	3,943.53
on intangible assets	94.97	104.85
on investment property	2.24	2.24
<b>Total</b>	<b>3,630.61</b>	<b>4,050.62</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**  
**Note 10 - Non-current investments**

(Rs. in lacs)

	<b>Non-current investments</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>1</b>	Investment property (net of depreciation)	192.99	195.23
<b>2</b>	Non trade :		
<b>A. a)</b>	Investment in equity shares-unquoted	3,067.20	4,067.20
<b>b)</b>	Investment in preference shares	-	25,000.00
<b>B.</b>	Investment in government securities	115,126.15	75,333.42
<b>C.</b>	Investment in subordinated debts	5,000.00	5,000.00
<b>D.</b>	Investment in venture capital fund	1,655.64	1,655.64
<b>E.</b>	Investment in mutual fund	200.00	200.00
	Less : Aggregate provision for diminution in value of investments	(25.00)	(25.00)
	<b>Total</b>	<b>125,216.98</b>	<b>111,426.49</b>

(Rs. in lacs)

	<b>Particulars</b>	<b>Face value</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
			<b>As at March 31, 2016</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2015</b>
<b>1</b>	<b>Investment property (at cost less accumulated depreciation)</b>					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			18.67		16.43
	<b>Net Block</b>			<b>192.99</b>		<b>195.23</b>
<b>2</b>	<b>Non trade (valued at cost unless stated otherwise)</b>					
<b>A.</b>	<b>Shares : Fully paid up</b>					
	<b>a) Unquoted - Equity shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited @ (Amalgamated during the year)	10	-	-	10,000,000	1,000.00
	Shriram Automall India Limited	10	30,000,000	3,000.00	30,000,000	3,000.00
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited (At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2015: Rs. 25.00 lacs) )	10	25,000	-	25,000	-
	The Zoroastrian Co-operative Bank Limited	25	100	0.03	100	0.03
	Freight Commerce Solutions Private Limited	10	3,705	0.37	3,705	0.37
	Shriram Seva Sankalp Foundation	10	18,000	1.80	18,000	1.80
	<b>b) Unquoted - preference shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	<b>Shiram Equipment Finance Company Limited (Amalgamated during the year)</b>	100	-	-	25,000,000	25,000.00

Shriram Transport Finance Company Limited  
Notes forming part of the financial statements for the year ended March 31, 2016  
Note 10 - Non-current investments

(Rs. in lacs)

Particulars	Face value	Quantity	Amount	Quantity	Amount
		As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>B. Government securities [Refer note 26]</b>					
<b>Quoted</b>					
6.13% GOI Loan 2028	100	176,000	177.26	176,000	177.36
6.35% GOI Loan 2020	100	2,500,000	2,425.39	2,500,000	2,405.49
6.90% GOI Loan 2019	100	5,000,000	4,871.87	5,000,000	4,832.76
7.02% GOI Loan 2016	100	-	-	400,000	398.27
7.16% GOI Loan 2023	100	12,500,000	11,947.76	12,500,000	11,917.43
7.80% GOI Loan 2020	100	2,500,000	2,496.84	2,500,000	2,496.07
8.13% GOI Loan 2022	100	2,500,000	2,501.76	2,500,000	2,502.04
8.24% GOI Loan 2027	100	500,000	497.70	500,000	497.49
8.26% GOI Loan 2027	100	7,500,000	7,385.00	7,500,000	7,374.83
8.28% GOI Loan 2027	100	15,000,000	14,341.91	15,000,000	14,284.44
8.33% GOI Loan 2026	100	7,500,000	7,491.38	7,500,000	7,490.54
8.60% GOI Loan 2028	100	7,500,000	7,975.80	7,500,000	8,220.41
8.83% GOI Loan 2023	100	10,000,000	10,069.00	10,000,000	10,078.04
8.97% GOI Loan 2030	100	2,500,000	2,648.14	2,500,000	2,658.25
8.15% GOI Loan 2026 (Purchased during the year)	100	10,000,000	10,082.07	-	-
7.88% GOI Loan 2030 (Purchased during the year)	100	22,200,000	22,111.98	-	-
8.20% GOI Loan 2025 (Purchased during the year)	100	8,000,000	8,102.29	-	-
<b>C. Unquoted- Investment in subordinated debts</b>					
Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
<b>D. Unquoted- Venture capital fund</b>					
ICICI Investment Management Company Limited ( Subscribed during the year Rs. Nil (March 31, 2015: Rs. 237.13 lacs) and redeemed during the year is Rs. Nil (March 31, 2015: Rs. 34.54 lacs )	10,000	16,556	1,655.64	16,556	1,655.64
<b>E. Unquoted - Investment in mutual fund</b>					
Shriram Equity & Debt Opportunities Fund Direct - Growth	10	2,000,000	200.00	2,000,000	200.00
<b>Total</b>			<b>125,216.98</b>		<b>111,426.49</b>
<b>Aggregate value of quoted investments</b>					
Cost of acquisition			115,126.15		75,533.42
Market value			117,783.14		78,023.63
<b>Aggregate value of unquoted investments</b>					
Cost of acquisition			9,922.84		35,722.84
<b>Aggregate provision for diminution in value of investments</b>			25.00		25.00

@ 3,000,000 shares have been pledged against loan availed by erstwhile subsidiary from Bank.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

<b>Note 11-Deferred tax assets (net)</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting period	1,382.54	1,045.39
Impact of expenditure charged to the Statement of Profit and Loss in the current year but claimed as expense for tax purpose on payment basis.	4,364.14	4,020.11
Provision for securitisation	19,497.03	17,509.87
Provision for standard assets	6,102.45	4,081.61
<b>Gross deferred tax assets (A)</b>	<b>31,346.16</b>	<b>26,656.98</b>
<b>Deferred tax liability</b>		
Debenture issue expenses	575.90	1,008.53
<b>Gross deferred tax liability (B)</b>	<b>575.90</b>	<b>1,008.53</b>
<b>Net deferred tax assets (A-B)</b>	<b>30,770.26</b>	<b>25,648.45</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

Note 12- Loans and advances	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current portion #	Non-current portion	Current portion #
<b>Unsecured, considered good</b>				
Capital advances	222.70	-	226.69	-
Security deposits	2,903.59	790.85	2,653.12	682.17
<b>Secured, considered good</b>				
Hypothecation loans	3,800,745.73	1,847,547.58	2,771,925.76	1,812,182.07
Retained interest on securitisation	28,365.13	37,830.80	24,011.94	33,466.27
Other loans	280.89	78.89	48,625.79	16,503.67
Securitisation deferred consideration receivable *	30,657.73	66,307.82	24,387.06	50,009.19
<b>Unsecured, considered good</b>				
Unsecured loans^	38,122.56	111,822.99	8,730.59	73,797.36
Advance - hypothecation loans	-	2,410.94	1,119.60	-
<b>Unsecured, considered good</b>				
Advance recoverable from subsidiaries [ Refer note 27] \$	-	183.97	-	22.25
<b>Doubtful</b>				
Secured hypothecation loans	367,627.98	-	178,684.89	-
Unsecured loan	19,199.82	-	10,692.98	-
Advances recoverable in cash or in kind or for value to be received	196.04	-	36.03	-
<b>Other loans and advances -Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received	4,190.99	5,613.78	2,708.85	3,720.00
Service tax credit (input) receivable	-	2,857.60	-	3,238.41
Prepaid expenses	100.00	541.49	77.96	472.31
Advance income tax (net of provision for taxation) [net of provision for income tax Rs. 235,687.55 lacs (March 31, 2015: Rs. 235,687.55 lacs)]	8,405.89	-	8,405.89	-
<b>Total</b>	<b>4,301,019.05</b>	<b>2,075,986.71</b>	<b>3,082,287.15</b>	<b>1,994,093.70</b>

# Includes current maturities of long term loans and advances

\$ Advance given to subsidiary M/s. Shriram Automall India Limited Rs. 183.97 lacs (March 31, 2015: Rs. 22.25 lacs )

\$ Maximum advance given to subsidiary M/s. Shriram Automall India Limited at anytime during the year : Rs. 1,519.63 lacs (March 31, 2015: Rs. 713.22 lacs)

^ Advance given to the Company in which the director is interested Rs. 0.60 lacs (March 31, 2015: Rs. Nil)

\* Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

Note 13- Other assets	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Unsecured, considered good</b>				
Fixed deposits with banks (note 15)	-	-	290.80	-
Margin money deposit with banks (note 15)	340.03	-	6,727.97	-
Interest accrued on investments	-	2,031.82	-	1,578.11
Interest accrued on fixed deposits with banks	40.96	1,799.22	58.14	3,210.49
Public issue expenses for non-convertible debentures	589.71	1,074.35	1,664.06	1,303.09
Issue expenses for equity shares	416.81	152.77	569.59	152.77
<b>Total</b>	<b>1,387.51</b>	<b>5,058.16</b>	<b>9,310.56</b>	<b>6,244.46</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**Note 14 - Current investments**

**(Rs. in lacs)**

	<b>Current investments</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>1</b>	Investment in government securities	399.52	499.32
<b>2 a)</b>	Investment in certificate of deposit with banks	-	220,792.81
<b>b)</b>	Investment in mutual fund	10,000.00	-
		<b>10,399.52</b>	<b>221,292.13</b>

**(Rs. in lacs)**

	<b>Particulars</b>	<b>Face value</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
			<b>As at March 31, 2016</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2015</b>
<b>1</b>	<b>Current portion of long term investments (valued at cost unless otherwise mentioned)</b>					
	<b>Quoted: Government securities [Refer note 26]</b>					
	6.49% GOI Loan 2015 (Redeemed during the year at par)	100	-	-	500,000	499.32
	7.02% GOI Loan 2016 (This security is redeemable on August 17, 2016 at par)	100	400,000	399.52	-	-
<b>2</b>	<b>Current investments (At lower of cost and fair value)</b>					
<b>a)</b>	<b>Unquoted: Investment in certificate of deposit with banks</b>					
	Andhra Bank		-	-	10,000	9,817.48
	Bank of Maharashtra		-	-	25,000	24,562.73
	Corporation Bank		-	-	30,000	29,386.23
	Jammu & Kashmir Bank		-	-	25,000	24,540.55
	Oriental Bank of Commerce		-	-	35,000	34,422.50
	Punjab & Sindh Bank		-	-	30,000	29,416.65
	State Bank of Bikaner and Jaipur		-	-	25,000	24,496.16
	Syndicate Bank		-	-	25,000	24,568.65
	UCO Bank		-	-	20,000	19,581.86
<b>b)</b>	<b>Unquoted - Investment in Mutual Fund</b>					
	Kotak Liquid Scheme Plan A - Direct Plan -Growth	10	325,651	10,000.00	-	-
	<b>Total</b>			<b>10,399.52</b>		<b>221,292.13</b>
	<b>Aggregate value of quoted investments</b>					
	Cost of acquisition			399.52		499.32
	Market value			399.53		498.04
	<b>Aggregate value of unquoted investments</b>					
	Cost of acquisition			10,000.00		220,792.81
	<b>Aggregate provision for diminution in value of investments</b>			-		-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

Notes 15 - Cash and bank balances	As at March 31, 2016		As at March 31, 2015	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	59,641.88	-	165,145.63
Unclaimed dividend accounts	-	923.26	-	821.59
Deposits with original maturity of less than three months	-	5,036.28	-	164,704.00
ii) Cheques on hand	-	4,698.24	-	7,367.11
iii) Cash on hand	-	10,079.91	-	10,794.43
	-	<b>80,379.57</b>	-	<b>348,832.76</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	10.38	290.80	9.22
Deposits with original maturity for more than 3 months but less than 12 months	-	30,295.16	-	6,582.59
Margin money deposit #	340.03	125,700.58	6,727.97	116,915.32
	<b>340.03</b>	<b>156,006.12</b>	<b>7,018.77</b>	<b>123,507.13</b>
<b>Amount disclosed under non-current assets [ Refer note 13]</b>	<b>(340.03)</b>	-	<b>(7,018.77)</b>	-
<b>Total</b>	-	<b>236,385.69</b>	-	<b>472,339.89</b>

# Includes deposits of Rs. 1,24,055.99 lacs (March 31, 2015: Rs. 115,097.11 lacs) pledged with Banks as margin for credit enhancement, Rs. 1,527.60 lacs (March 31, 2015: Rs. 8,106.35 lacs) as margin for guarantees and Rs. 457.02 lacs (March 31, 2015: Rs. 439.84 lacs) pledged as lien against loans taken.

(Rs. in lacs)

Note 16 - Revenue from operations	Year ended March 31, 2016	Year ended March 31, 2015
<b>Interest income on:-</b>		
- loan portfolio and related charges	923,117.10	726,549.70
- direct assignment	7,331.14	22,006.48
- securitisation including interest on pass through certificates*	40,758.92	32,754.04
- margin money on securitisation/assignments	8,466.80	10,971.17
- deposits with banks	2,263.76	1,656.67
- long-term investments	8,093.20	4,675.73
- current investments	321.37	867.55
<b>Other financial services</b>		
Reversal of provision for securitisation	15,782.24	24,348.30
Income from portfolio management services	-	1.68
Income from commission services	6,190.42	5,414.12
Bad debt recovery	870.08	473.08
Dividend on long-term investments [includes dividend from subsidiary Rs. Nil (March 31, 2015: Rs. 2.50 lacs)]	-	2.75
Profit on sale of current investments (net)	10,960.78	33,973.46
<b>Total</b>	<b>1,024,155.81</b>	<b>863,694.73</b>

\* Includes Rs 2,832.11 lacs (March 31, 2015: Rs. 7,033.92 lacs) of income on pass through certificates where distribution tax has been deducted by the trustees as per section 115TA of Income Tax Act.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

<b>Note 17 - Other income</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Income from operating lease	10.14	10.14
Miscellaneous income	360.19	767.58
<b>Total</b>	<b>370.33</b>	<b>777.72</b>

(Rs. in lacs)

<b>Note 18 Employee benefit expenses</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Salaries, other allowances and bonus	53,837.69	38,263.53
Gratuity expenses	658.75	639.30
Contribution to provident and other funds	3,285.61	2,639.32
Staff welfare expenses	1,125.98	1,416.71
<b>Total</b>	<b>58,908.03</b>	<b>42,958.86</b>

(Rs. in lacs)

<b>Note 19 - Finance cost</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
<b>Interest expense</b>		
Debtentures	179,322.04	174,222.09
Subordinated debts	43,652.90	47,699.21
Fixed deposits	69,966.24	41,603.99
Loans from banks	185,254.97	145,429.78
Loans from institutions and others	15,245.20	11,296.28
Commercial paper	866.28	623.41
<b>Other borrowing costs</b>		
Professional charges-resource mobilisation	3,709.84	9,414.93
Processing charges on loans	604.99	857.88
Brokerage	5,867.05	6,088.93
Amortisation of public issue expenses for non-convertible debtentures	1,303.09	1,761.70
<b>Total</b>	<b>505,792.60</b>	<b>438,998.20</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**(Rs. in lacs)**

<b>Note 20 -Other expenses</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Rent	8,683.95	7,869.58
Electricity expenses	1,349.55	1,175.06
Repairs and maintenance		
- Others	667.85	634.37
Rates and taxes	90.55	37.81
Printing and stationery	1,384.54	1,354.51
Travelling and conveyance	12,469.46	10,543.73
Advertisement	155.21	315.21
Business promotion	5,904.59	8,750.19
Royalty	10,055.28	5,892.34
Directors' sitting fees	16.29	10.16
Insurance	59.61	41.30
Communication expenses	4,488.62	4,166.09
As Auditor:		
- Audit fees	154.02	135.38
- Tax audit fees	7.64	7.43
- Out of pocket	7.57	6.85
In any other manner:		
- Certification	52.02	2.34
Bank charges	2,948.87	3,050.09
Professional charges on securitisation	2,162.18	3,170.41
Legal and professional charges	3,181.76	3,464.29
Donations	934.31	617.72
Loss on sale of fixed assets (net)	36.37	35.75
Issue expenses for equity shares	152.78	152.78
Service charges	5,016.04	4,528.64
CSR expenses [ Refer note 32]	929.42	73.89
Miscellaneous expenses	11,285.80	9,274.77
<b>Total</b>	<b>72,194.28</b>	<b>65,310.69</b>

**(Rs. in lacs)**

<b>Note 21 - Provisions and write offs</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Provision for non-performing assets	90,446.24	35,385.68
Provision for standard assets [ Refer note (f) of note 2.1]	4,990.48	2,980.95
Bad debts written off	110,420.78	90,548.64
<b>Total</b>	<b>205,857.50</b>	<b>128,915.27</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**22 Earnings per share**

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net Profit after tax as per Statement of Profit and Loss (Rs. in lacs) (A)	117,819.76	123,780.98
Weighted average number of equity shares for calculating basic EPS (in lacs) (B)	2,268.83	2,268.83
Weighted average number of equity shares for calculating diluted EPS (in lacs) (C)	2,268.83	2,268.83
Basic earnings per equity share (in Rupees) (face value of Rs. 10/- per share) (A) / (B)	51.93	54.56
Diluted earnings per equity share (in Rupees) (face value of Rs. 10/- per share) (A) / (C)	51.93	54.56

**23 Gratuity and other post-employment benefit plans:**

The Company has an defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with the insurance companies in the form of qualifying insurance policy.

The Company has funded Rs. 217.82 lacs during the financial year 2015-16 and Rs. 307.86 lacs during the financial year 2014-15.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under the Companies (Accounts) Rules 2014, as amended, the following disclosures have been made as required by the standard:

**Statement of Profit and Loss**

Net employee benefit expense (recognized in employee cost) (Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	363.99	310.19
Interest cost on benefit obligation	202.48	181.73
Expected return on plan assets	(200.50)	(165.01)
Net actuarial (gain) / loss recognised in the year	306.37	(47.77)
Past service cost	Nil	Nil
<b>Net benefit expense*</b>	<b>672.34</b>	<b>279.14</b>
Actual return on plan assets	240.89	218.29

\*Gratuity expenses as per note 18 of Statement of Profit and Loss for the year ended March 31, 2016 is after netting of Rs.13.60 lacs on account of gratuity transferred from other company.

**Balance sheet**

Benefit asset/(liability)

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	3,460.20	2,439.01
Fair value of plan assets	2,980.67	2,422.78
Surplus/(deficit)	(479.53)	(16.23)
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability)*</b>	<b>(479.53)</b>	<b>(16.23)</b>

\*Gratuity liability for the year ended March 31, 2016 disclosed under note 7 - Provisions is after netting off amount paid to trust on account of relieved employees Rs. 234.11 lacs and gratuity transferred to other company Rs. 17.16 lacs

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**Changes in the present value of the defined benefit obligation are as follows:**

**(Rs. in lacs)**

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	2,439.01	1,941.59
Interest cost	202.48	181.73
Current service cost	363.99	310.19
Liability transferred in / on account of amalgamation (Refer note. 33)	107.95	Nil
Benefits paid	Nil	Nil
Actuarial (gains) / losses on obligation	346.77	5.50
<b>Closing defined benefit obligation</b>	<b>3,460.20</b>	<b>2,439.01</b>

Changes in the fair value of the plan assets are as follows:

**(Rs. in lacs)**

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Opening fair value of plan assets	2,422.78	1,896.63
Expected return	200.50	165.01
Contributions by employer	217.82	307.86
Assets transferred in / on account of amalgamation (Refer note. 33)	99.18	Nil
Benefits paid	Nil	Nil
Actuarial (gains) / losses	40.39	53.28
<b>Closing fair value of plan assets</b>	<b>2,980.67</b>	<b>2,422.78</b>

The Company expects to contribute Rs. 885.30 Lacs to gratuity in the next year.

**23 Gratuity and other post-employment benefit plans (contd):**

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
	%	%
Investments with insurer	100	100

**The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:**

Particulars	Gratuity	
	March 31, 2016	March 31, 2015
Discount rate	7.80%	7.95%
Expected rate of return on assets	7.80%	7.95%
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	7.50% and 20.00%	5.00% and 15.00%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*7.50% in case of employees with service period of 5 years and above and 20.00% for all other employees for the current year.

\*5.00% in case of service greater than 5 years and 15.00% for all other employees for the previous year.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

Amounts for the current period and previous four years are as follows:

(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	3,460.20	2,439.01	1,941.59	1,760.07	1,364.76
Plan assets	2,980.67	2,422.78	1,896.63	NA	NA
Surplus / (deficit)	(479.53)	(16.23)	(44.96)	(1,760.07)	(1,364.76)
Experience adjustments on plan liabilities (gains)/losses	172.80	(263.30)	56.98	72.75	338.86
Experience adjustments on plan assets (losses)/gains	40.39	53.28	46.75	NA	NA

**24 Segment information**

The Company operates in a single reportable segment that is financing, which has similar risks and returns for the purpose of AS-17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2014 (as amended). The Company operates in a single geographical segment i.e. domestic.

**25 Leases**

**In case of assets taken on lease**

The Company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the Statement of Profit and Loss are Rs. 8,683.95 lacs (March 31, 2015: Rs. 7,869.58 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

The future minimum lease payments in respect of non-cancellable operating lease as at the Balance Sheet date are summarized below :

(Rs. in lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
<b>Minimum lease payments:</b>		
Not later than one year	3,222.16	2,005.21
Later than one year but not later than five years	6,570.19	3,762.66
Later than five years	3,331.56	1,629.73

- 26** In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities to the extent of Rs. 116,276.00 lacs (March 31, 2015: Rs. 76,576.00 lacs) in favour of trustees representing the public deposit holders of the Company.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**27 Related party disclosure**

**Related party where control exists**

Subsidiary : Shriram Equipment Finance Company Limited ( SEFCL)  
(amalgamated with STFC w.e.f. April 1, 2015)  
Shriram Automall India Limited ( SAIL)

**Other related parties**

Enterprises having significant influence over the Company : Shriram Capital Limited  
Shriram Ownership Trust  
Shriram Financial Ventures (Chennai) Private Limited  
Piramal Enterprises Limited

Related parties as per AS 18 with whom transactions have taken place during the year

Key management personnel : Mr. Umesh Revankar, Managing Director

Relatives of Key management personnel : Mrs. Suchita U. Revankar (spouse of Managing Director)  
Mr. Shirish U. Revankar ( son of Managing Director)  
Mr. Shreyas U. Revankar (son of Managing Director)  
Mrs. Geeta G. Revankar (mother of Managing Director)  
Mr. Anil G. Revankar (brother of Managing Director)

Related parties as per Companies Act 2013 with whom transactions have taken place during the year

Key management personnel : Mr. Vivek Achwal, Company Secretary  
: Mr. Parag Sharma, Chief Financial Officer

Relatives of Key management personnel : Mrs. Ranjana Achwal (spouse of Company Secretary )  
Mr. Anish Achwal (son of Company Secretary)  
Mrs. Shelly Sharma (spouse of Chief Financial Officer)  
Ms. Atibhi Sharma (daughter of Chief Financial Officer)  
Mr. Amit Sharma (brother of Chief Financial Officer)  
Mrs. Rama Sharma (mother of Chief Financial Officer)  
Mr. Madan Mohan Sharma (father of Chief Financial Officer)

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Key management personnel (Managing Director, whole time director, manager and other managerial personnel)		Relative of key management personnel		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Payments/Expenses</b>										
Employee benefits for key management personnel \$	-	-	-	-	117.66	109.23	-	-	117.66	109.23
Royalty paid to Shriram Ownership Trust @	10,055.28	5,892.34	-	-	-	-	-	-	10,055.28	5,892.34
Service charges paid to Shriram Capital Limited @	5,016.04	4,528.64	-	-	-	-	-	-	5,016.04	4,528.64
Equity dividend paid Ω	-	-	-	-	3.57	6.23	0.01	-	3.58	6.23
- Shriram Capital Limited	5,910.32	4,728.25	-	-	-	-	-	-	5,910.32	4,728.25
- Piramal Enterprises Limited	2,260.00	-	-	-	-	-	-	-	2,260.00	-
Car hire charges	-	-	-	-	-	-	6.47	5.01	6.47	5.01
Non-convertible debenture matured Ω	-	-	-	-	-	-	2.38	23.08	2.38	23.08
Fixed deposit matured Ω	-	-	-	-	-	-	3.00	1.10	3.00	1.10
Subordinated debt matured Ω	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	28.09	-	-	-	-	-	-	-	28.09	-
Interest on fixed deposit	-	-	-	-	-	-	4.51	2.07	4.51	2.07
Interest on subordinated debt	-	-	-	-	-	-	0.16	0.14	0.16	0.14
- Shriram Automall India Limited	-	-	5.37	-	-	-	-	-	5.37	-
- Shriram Capital Limited	42.16	12.03	-	-	-	-	-	-	42.16	12.03
Interest on non-convertible debenture	-	-	-	-	0.39	0.35	1.59	3.50	1.98	3.85
- Shriram Capital Limited	0.54	0.54	-	-	-	-	-	-	0.54	0.54
Rent paid @	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	456.01	529.93	-	-	-	-	456.01	529.93
- Shriram Capital Limited	224.68	95.29	-	-	-	-	-	-	224.68	95.29
Interest paid on unsecured loan	-	-	-	-	-	-	-	-	-	-
- Shriram Equipment Finance Company Limited	-	-	-	88.39	-	-	-	-	-	88.39
Business mobilisation expenses paid to Shriram Automall India Limited @	-	-	253.39	246.81	-	-	-	-	253.39	246.81
Other administrative expenses @	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	94.58	31.89	-	-	-	-	-	-	94.58	31.89
- Shriram Automall India Limited	-	-	97.34	95.10	-	-	-	-	97.34	95.10

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Key management personnel (Managing Director, whole time director, manager and other managerial personnel)		Relative of key management personnel		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Receipts/Income</b>										
Recovery of common sharing expenses										
- Shriram Automall India Limited	-	-	41.75	77.97	-	-	-	-	41.75	77.97
- Shriram Equipment Finance Company Limited	-	-	-	469.64	-	-	-	-	-	469.64
Interest received on unsecured loan										
- Shriram Equipment Finance Company Limited	-	-	-	723.91	-	-	-	-	-	723.91
Recovery of rent and electricity										
- Shriram Capital Limited	26.03	13.44	-	-	-	-	-	-	26.03	13.44
- Shriram Automall India Limited	-	-	183.60	134.45	-	-	-	-	183.60	134.45
Recovery of other administrative expenses										
- Shriram Automall India Limited	-	-	68.75	21.07	-	-	-	-	68.75	21.07
Fixed deposit $\mu$										
Unsecured loan and advances repaid by $\mu$										
- Shriram Automall India Limited	-	-	267.29	-	-	-	-	-	267.29	-
- Shriram Equipment Finance Company Limited	-	-	-	14,152.06	-	-	-	-	-	14,152.06
Unsecured loan and advances received from $\mu$										
- Shriram Automall India Limited	-	-	-	3.85	-	-	-	-	-	3.85
- Shriram Equipment Finance Company Limited	-	-	-	773.36	-	-	-	-	-	773.36
Dividend on preference share Shriram Equipment Finance Company Limited										
	-	-	-	2.50	-	-	-	-	-	2.50

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

Particulars	(Rs. in Lacs)									
	Enterprises having significant influence over the company		Subsidiaries		Key management personnel (Managing Director, whole time director, manager and other managerial personnel)		Relative of key management personnel		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Balance outstanding at the year end</b>										
Share capital	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	5,910.32	5,910.32	-	-	-	-	-	-	5,910.32	5,910.32
- Piramal Enterprises Limited	2,260.00	-	-	-	-	-	-	-	2,260.00	-
Investment in equity shares										
- Shriram Equipment Finance Company Limited	-	-	-	1,000.00	-	-	-	-	-	1,000.00
- Shriram Automall India Limited	-	-	3,000.00	3,000.00	-	-	-	-	3,000.00	3,000.00
Investment in preference shares										
- Shriram Equipment Finance Company Limited	-	-	-	25,000.00	-	-	-	-	-	25,000.00
Unsecured loan and advances recoverable from subsidiary companies										
- Shriram Automall India Limited	-	-	183.97	22.25	-	-	-	-	183.97	22.25
Unsecured loan and advances payable to subsidiary companies										
- Shriram Equipment Finance Company Limited	-	-	-	773.36	-	-	-	-	-	773.36
Interest payable on unsecured Loan										
- Shriram Equipment Finance Company Limited	-	-	-	8.15	-	-	-	-	-	8.15
Expenses recoverable										
- Shriram Equipment Finance Company Limited	-	-	-	99.80	-	-	-	-	-	99.80
Non-convertible debenture										
-Shriram Capital Limited	5.00	5.00	-	-	3.00	-	11.95	14.33	14.95	17.33
									5.00	5.00

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

Particulars	(Rs. in Lacs)									
	Enterprises having significant influence over the company		Subsidiaries		Key management personnel (Managing Director, whole time director, manager and other managerial personnel)		Relative of key management personnel		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Balance outstanding at the year end</b>										
Interest payable on non-convertible debenture	-	-	-	-	-	0.96	0.57	0.92	1.31	1.88
Rent receivable from Shriram Capital Limited	2.17	4.12	-	-	-	-	-	-	-	4.12
Rent Payable to Shriram Capital Limited	42.14	-	-	-	-	-	-	-	-	-
Outstanding expenses										
- Shriram Capital Limited	283.42	13.69	-	-	-	-	-	-	-	283.42
- Shriram Ownership Trust	1,140.93	180.35	-	-	-	-	-	-	-	1,140.93
Fixed deposit	-	-	-	-	-	-	-	41.15	36.98	41.15
Interest payable on Fixed deposit	-	-	-	-	-	-	-	5.99	2.53	5.99
Subordinated debt	-	-	-	-	-	-	-	1.10	1.10	1.10
- Shriram Automall India Limited	-	-	78.64	-	-	-	-	-	-	78.64
- Shriram Capital Limited	339.94	268.03	-	-	-	-	-	-	-	339.94
Interest payable on subordinated debt	-	-	-	-	-	-	-	0.48	0.32	0.48
- Shriram Automall India Limited	-	-	3.74	-	-	-	-	-	-	3.74
- Shriram Capital Limited	65.57	25.24	-	-	-	-	-	-	-	65.57
Guarantee given by the Company										
- Shriram Equipment Finance Company Limited	-	-	-	100.00	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	200.00	200.00	-	-	-	-	-	200.00

Ω Denotes payments

μ Denotes receipts

\$ As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Key management personnel are not included above.

@ Denotes expenses including service tax

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

(Rs. in lacs)

<b>28</b>	<b>Contingent liabilities not provided for</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
a.	In respect of Income tax demands where the Company has filed appeal before CIT(Appeals)	14,284.36	17,494.75
b.	VAT demand where the Company has filed appeal before Tribunal	7,843.00	4,769.50
c.	Service tax liability pertaining to HP/Lease	12,833.93	12,833.93
d.	Guarantees and counter guarantees	153,309.05	119,798.42
e.	Guarantees given for subsidiaries	200.00	300.00

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

The Company has received show cause notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct assignments for the period 2008-09 to 2014-15, the same are contested by the Company.

(Rs. in lacs)

	<b>Disputed income tax demand are on account of</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
a.	Transfer to statutory reserve and securitisation and royalty	2,094.69	5,594.44
b.	Disallowance of ESOP expenses, 14A, derivatives etc.	1,146.38	1,095.53
c.	Interest as per assessment orders, etc	11,043.29	10,804.78
	<b>Total</b>	<b>14,284.36</b>	<b>17,494.75</b>

(Rs. in lacs)

	<b>Commitments not provided for</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
a.	Estimated amount of contracts remaining to be executed on capital account	422.56	541.43
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	809.83	809.83
c.	Commitments related to loans sanctioned but undrawn	1,056.07	847.46

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

<b>29</b>	Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:		
	<b>(Rs. in lacs)</b>		
	<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
	The principal amount remaining unpaid to supplier as at the end of the year	-	-
	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
<b>30</b>	In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of Rs. Nil (March 31, 2015: Rs. 60.61 lacs) [including out of pocket expenses of Rs. Nil (March 31, 2015: Rs. 1.06 lacs)] have been amortised as per note 13 and shown under other assets.		
<b>31</b>	<b>Expenditure in foreign currency (accrual basis)</b>		<b>(Rs. in lacs)</b>
	<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
	Computer software	14.24	-
	Computer charges	-	1.94
	Resource mobilisation	27.18	-
	Membership fees	0.10	0.16
	Advertisement	20.20	-
	<b>Total</b>	<b>61.72</b>	<b>2.10</b>
<b>32</b>	<b>Details of CSR expenses</b>		<b>(Rs. in lacs)</b>
	<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
a)	<b>Gross amount required to be spent by the Company during the year</b>	3,789.53	3,815.26
b)	<b>Amount spent during the year</b>		
	- On purposes other than construction/acquisition of any asset		
	Paid in cash	1,863.73	691.61
	Yet to be paid in cash	-	-
	<b>Total</b>	<b>1,863.73</b>	<b>691.61</b>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

<b>33</b>	<p><b>Details of net assets taken over on amalgamation:</b></p> <p>Pursuant to the scheme of amalgamation ('the Scheme') of erstwhile Shriram Equipment Finance Company Limited (SEFCL) with the Company under Sections 391 to 394 of the Companies Act, 1956 sanctioned by Hon'ble High Court of Madras on March 31, 2016 entire business and all assets and liabilities of Shriram Equipment Finance Company Limited were transferred and vested in the Company effective from April 01, 2015. Accordingly the Scheme has been given effect to in these financial statements.</p> <p>SEFCL was non banking finance Company 'NBFC' engaged in business of equipment financing.</p> <p>The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) amendment Rules, 2014. Accordingly, the accounting treatment has been given as under:-</p> <p>(i) The assets and liabilities as at April 01, 2015 were incorporated in the financial statement of the Company at its book value.</p> <p>(ii) Debit balance in the Statement of Profit and Loss of SEFCL as at April 01, 2015 amounting to Rs. 3,503.89 lacs was adjusted in "Surplus in Statement of Profit and Loss".</p> <p>(iii) Credit balance in the Statutory Reserve pursuant to section 45- IC of the RBI Act, 1934 of SEFCL as at April 01, 2015 amounting to Rs. 4,655.65 lacs was adjusted in "Statutory Reserve pursuant to section 45- IC of the RBI Act, 1934".</p> <p>(iv) SEFCL been wholly owned subsidiary, the entire share capital i.e. 1,00,00,000 Equity Shares of Rs.10 each fully paid and 2,50,00,000 0.01% Preference Share of Rs. 100 each in Shriram Equipment Finance Company Limited, held as investment by the Company stands cancelled.</p>
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**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**  
**Disclosure of restructured accounts**

34

Sr. No.	Type of restructuring	Others															
		Financial year						Year ended March 31, 2016						Year ended March 31, 2015			
		Asset classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss
1	Restructured accounts as on April 1	No. of borrowers	-	4,454	-	12	4,466	-	2,188	-	-	2,188	-	-	-	-	2,188
		Amount outstanding	-	13,832.01	-	110.11	13,942.12	-	6,686.57	-	-	6,686.57	-	-	-	-	6,686.57
		Provision thereon	-	5,079.26	-	110.11	5,189.37	-	911.07	-	-	911.07	-	-	-	-	911.07
2	Fresh restructuring during the year	No. of borrowers	-	11,667	-	-	11,667	-	4,357	-	-	4,357	-	-	-	-	4,357
		Amount outstanding	-	26,515.10	-	-	26,515.10	-	11,390.11	-	-	11,390.11	-	-	-	-	11,390.11
		Provision thereon	-	13,054.52	-	-	13,054.52	-	2,258.08	-	-	2,258.08	-	-	-	-	2,258.08
3	Upgradation	No. of borrowers	632	(631)	-	(1)	-	-	1,345	-	-	1,345	-	-	-	-	-
		Amount outstanding	1,674.94	(1,666.55)	-	(8.39)	(0.00)	(0.00)	5,031.79	(5,031.79)	-	-	-	-	-	-	-
		Provision thereon	438.48	(430.09)	-	(8.39)	(0.00)	(0.00)	505.67	(505.67)	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk or weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	(632)	-	-	-	(632)	-	(1,345)	-	-	(1,345)	-	-	-	-	(1,345)
		Amount outstanding	(1,674.94)	-	-	-	(1,674.94)	-	(5,031.79)	-	-	(5,031.79)	-	-	-	-	(5,031.79)
5	Downgradation of restructured accounts during the year	Provision thereon	(438.48)	-	-	-	(438.48)	-	(505.67)	-	-	(505.67)	-	-	-	-	(505.67)
		No. of borrowers	-	(271)	244	27	-	-	(1)	-	1	-	-	-	-	-	-
		Amount outstanding	-	(1,965.18)	1,757.92	207.26	-	-	(0.26)	-	0.26	-	-	-	-	-	-
		Provision thereon	-	(1,965.18)	1,757.92	207.26	-	-	(0.03)	-	0.03	-	-	-	-	-	-
6	Write offs of restructured accounts during the year	No. of borrowers	-	(1,365)	-	(1)	(1,366)	-	(917)	-	(1)	(918)	-	-	-	-	(918)
		Amount outstanding	-	(4,863.28)	-	(22.89)	(4,886.17)	-	(2,158.05)	-	(0.26)	(2,158.31)	-	-	-	-	(2,158.31)
		Provision thereon	-	2,363.55	-	(22.89)	2,340.66	-	(173.18)	-	(0.03)	(173.21)	-	-	-	-	(173.21)
		No. of borrowers	-	13,854	244	37	14,135	-	4,282	-	-	4,282	-	-	-	-	4,282
		Amount outstanding	-	31,852.10	1,757.92	286.09	33,896.11	-	10,886.58	-	-	10,886.58	-	-	-	-	10,886.58
		Provision thereon	-	18,102.03	1,757.92	286.09	20,146.04	-	2,490.27	-	-	2,490.27	-	-	-	-	2,490.27

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

The outstanding amount and number of borrowers as at March 31, 2016 and March 31, 2015 is after considering recoveries during the year.

The figures as on April 01, 2015 includes the numbers of amalgamated entity and hence will not match with previous year closing.

Additional facilities availed by borrowers in existing restructured accounts are disclosed under “Fresh restructuring during the year” and partial repayments in existing restructured accounts are disclosed under “Write-offs of restructured accounts”, however, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.

For the purpose of arithmetical accuracy as required by RBI circular no DNBS (PD) CC No. 380/03.02.001/ 2014-15 movement in provisions in the existing restructured account as compared to opening balance is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

Since the disclosure of restructured advance account pertains to section “Others”, the first two sections, namely, “Under CDR Mechanism” and “Under SME Debt Restructuring Mechanism” as per format prescribed in the guidelines are not included above.

**35 Credit rating**

Instruments	Credit rating agency	As on March 31, 2016	As on March 31, 2015
Bank Loan Long term	CRISIL	CRISIL AA+/ Stable	CRISIL AA/ Positive
Bank Loan Short term	CRISIL	CRISIL A1+	CRISIL A1+
Fixed deposit	CRISIL	CRISIL FAAA/Stable	CRISIL FAA+/Positive
Fixed deposit	ICRA	MAA+ with Stable outlook	MAA+ with Stable outlook
Non-convertible debentures	CARE	CARE AA+	CARE AA+
Non-convertible debentures-Public	CRISIL	CRISIL AA+/ Stable	CRISIL AA/ Positive
Non-convertible debentures-Public	India Ratings & Research Private Limited (Formerly known as “FITCH”)	IND AA+/Stable Outlook	IND AA+/Stable Outlook
Short term debt	CRISIL	CRISIL A1+	CRISIL A1+
Subordinate debt	CARE	CARE AA+	CARE AA+
Subordinate debt	India Ratings & Research Private Limited (Formerly known as FITCH”)	IND AA+/Stable Outlook	IND AA+/Stable Outlook
Subordinate debts	CRISIL	CRISIL AA+/ Stable	CRISIL AA/Positive

**36 Capital**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
i) CRAR (%)	17.56	20.52
ii) CRAR - Tier I Capital (%)	14.71	16.40
iii) CRAR - Tier II Capital (%)	2.85	4.12
iv) Amount of subordinated debt raised as Tier-II capital*	352,045.50	396,304.41
v) Amount raised by issue of Perpetual Debt Instruments	-	-

\* Note:

Discounted value of Rs. 214,273.07 lacs (March 31, 2015: Rs. 250,538.17 lacs) considered for Tier II capital against the book value is Rs. 352,045.50 lacs (March 31, 2015: Rs. 396,304.41 lacs).

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**37 Investments**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>(1) Value of investments</b>		
(i) Gross value of investments		
(a) In India	135,641.50	332,743.62
(b) Outside India,	-	-
(ii) Provisions for depreciation		
(a) In India	25.00	25.00
(b) Outside India,	-	-
(iii) Net value of investments		
(a) In India	135,616.50	332,718.62
(b) Outside India,	-	-
<b>(2) Movement of provisions held towards depreciation on investments.</b>		
(i) Opening balance	25.00	41.81
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	16.81
(iv) Closing balance	25.00	25.00

**38 Derivatives**

**38.1 Forward rate agreement / Interest rate swap**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
(i) The notional principal of swap agreements	41,725.00	30,795.00
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
(iii) Collateral required by the NBFC upon entering into swaps	NIL	NIL
(iv) Concentration of credit risk arising from the swap	NIL	NIL
(v) The fair value of the swap book	41,725.00	30,795.00

**38.2 Exchange Traded interest rate (IR) derivatives : NIL**

**38.3 Disclosures on risk exposure of derivatives**

**Qualitative disclosures**

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

(Rs. in lacs)

Particular		As at March 31, 2016		As at March 31, 2015	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
(i)	Derivatives (Notional principal amount)				
	For hedging	41,725.00		30,795.00	
(ii)	Marked to market positions [1]				
	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit exposure [2]	NIL	NIL	NIL	NIL
(iv)	Unhedged exposures	NIL	NIL	NIL	NIL

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

**39 Disclosures relating to securitisation**

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

39.1

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	No of SPVs sponsored by the NBFC for securitisation transactions* (in No. )	35	44
2	Total amount of securitised assets as per books of the SPVs sponsored	964,926.71	916,559.38
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet exposures		
	First loss	-	282.25
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	93,086.83	97,512.02
	Others	47,721.45	44,761.53
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	76,122.94	100,438.85
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	376.37
	Others	30,969.18	17,208.72
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:**

				(Rs. in lacs)	
Sr. No.	Particulars		As at March 31, 2016	As at March 31, 2015	
1	No. of transactions assigned by the Company		25	16	
2	Total amount outstanding		166,539.92	116,735.73	
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet				
	(a)	Off-Balance Sheet exposures			
		First loss	-	-	
		Others	-	-	
	(b)	On-Balance Sheet exposures			
		First loss	-	-	
		Others	18,474.48	12,716.68	
4	Amount of exposures to assigned transaction other than MRR				
	(a)	Off-Balance Sheet exposures			
		(i) Exposure to own securitisations			
		First loss	407.00	1,359.00	
		Loss	271.00	3,083.00	
		(ii) Exposure to third party securitisations			
		First loss	-	-	
		Others	-	-	
	(b)	On - Balance Sheet exposures			
		(i) Exposure to own securitisations			
		First loss	-	-	
		Others	-	-	
		(ii)Exposure to third party securitisations			
		First loss	-	-	
		Others	-	-	

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below:

(Rs. in lacs)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
1	No. of transactions assigned by the Company	-	-
2	Total amount outstanding	-	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
(a)	Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
(b)	On-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to assigned transaction other than MRR		
(a)	Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
(b)	On - Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**39.2 No financial assets are sold to securitisation / reconstruction company for asset reconstruction as on March 31, 2016 and March 31, 2015.**

**39.3 Details of Assignment transactions undertaken by NBFCs**

<b>Particulars</b>		<b>(Rs. in lacs)</b>	
		<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
i)	No. of accounts	170,931	27,096
ii)	Aggregate value (net of provisions) of accounts sold	237,630.14	44,160.81
iii)	Aggregate consideration *	248,497.50	44,708.56
iv)	Additional consideration realized in respect of accounts transferred in earlier years	4,590.78	17,071.19
v)	Aggregate gain / loss over net book value	15,458.15	17,618.94

\* Includes income on securitisation realised in respect of accounts transferred in current year.

**39.4 The Company has not purchased / sold non-performing assets for the year ended March 31, 2016 and March 31, 2015.**

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

40 **Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2016** (Rs. in lacs)

	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	14,793.50	9,556.61	10,043.68	69,337.47	120,366.42	538,308.50	72,491.20	-	834,897.37
Advances	196,834.03	167,981.17	165,091.31	496,173.61	973,611.08	2,892,993.54	985,534.34	103,356.12	5,981,575.21
Investments	10,000.00	-	-	399.52	-	-	9,794.10	115,422.88	135,616.51
Borrowings	59,133.33	68,216.43	238,691.59	455,127.81	731,893.89	1,587,450.83	709,532.68	349,327.18	4,199,373.72
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2016**

**41 Exposure to real estate sector**

The Company has no exposure to real estate sector as on March 31, 2016 and as on March 31, 2015.

**42 Exposure to capital market**

		<b>(Rs. in lacs)</b>	
<b>Particulars</b>		<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	3,242.20	4,242.20
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	65,000.00
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	1,655.64	1,655.64
<b>Total exposure to capital market</b>		<b>4,897.84</b>	<b>70,897.84</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

**43 Additional disclosures**

**43.1 Provisions and contingencies**

(Rs. in lacs)

<b>Break up of 'Provisions and contingencies' shown under the head expenditure in profit and loss account</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Provisions for depreciation on investment	-	-
Provision towards NPA	90,446.24	35,385.68
Provision made towards income tax	60,323.36	60,457.83
Other Provision and contingencies (with details)		
Provision for leave encashment	1,190.23	809.31
Provision for gratuity	369.45	174.63
Provision for value added tax	108.15	865.31
Provision for standard assets	4,990.48	2,980.95

**43.2 Draw down reserve**

During the year ended March 31, 2016, the draw down from reserves was Rs. Nil.

**44 Concentration of deposits, advances, exposures and NPAs**

**44.1 Concentration of deposits (for deposit taking NBFCs)**

(Rs. in lacs)

	<b>As at March 31, 2016</b>
Total deposits of twenty largest depositors	47,664.51
Percentage of deposits of twenty largest depositors to total deposits of the NBFC	5.71%

**44.2 Concentration of advances**

(Rs. in lacs)

	<b>As at March 31, 2016</b>
Total advances to twenty largest borrowers *	20,231.01
Percentage of advances to twenty largest borrowers to total advances of the NBFC *	0.33%

\* Excludes retained interest on securitisation Rs. 66,195.93 lacs

**44.3 Concentration of exposures**

(Rs. in lacs)

	<b>As at March 31, 2016</b>
Total exposure to twenty largest borrowers / customers *	84,732.22
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers *	1.36%

\* Excludes retained interest on securitisation Rs. 66,195.93 lacs

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**44.4 Concentration of NPAs**

(Rs. in lacs)

Particulars	As at March 31, 2016
Total exposure to top four NPA accounts	4,126.84

**44.5 Sector-wise NPAs \***

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME	-
3	Corporate borrowers	-
4	Services	-
5	Unsecured working capital loans	11.34%
6	Auto loans	6.04%
7	Others	-

\* The loans mentioned above include loans given to corporates.

**45 Movement of NPAs**

(Rs. in lacs)

Particulars		Year ended March 31, 2016	Year ended March 31, 2015
<b>(i)</b>	<b>Net NPAs to net advances (%)</b>	1.91%	0.79%
<b>(ii)</b>	<b>Movement of NPAs (Gross)</b>		
	(a) (i) Opening balance	189,413.90	145,050.35
	(a) (ii) Transfer from SEFC on account of amalgamation	47,185.08	-
	(b) Additions during the year	322,592.68	240,554.13
	(c) Reductions during the year	172,167.82	196,190.58
	<b>(d) Closing balance</b>	<b>387,023.84</b>	<b>189,413.90</b>
<b>(iii)</b>	<b>Movement of Net NPAs</b>		
	(a) (i) Opening balance	37,912.06	30,291.24
	(a) (ii) Transfer from SEFC on account of amalgamation	18,930.62	-
	(b) Additions during the year	184,907.14	118,984.03
	(c) Reductions during the year	127,380.12	111,363.21
	<b>(d) Closing balance</b>	<b>114,369.70</b>	<b>37,912.06</b>
<b>(iv)</b>	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) (i) Opening balance	151,501.84	114,759.11
	(a) (ii) Transfer from SEFC on account of amalgamation	28,254.46	-
	(b) Provisions made during the year	137,685.54	121,570.10
	(c) Write-off / write-back of excess provisions	44,787.70	84,827.37
	<b>(d) Closing balance</b>	<b>272,654.14</b>	<b>151,501.84</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**46 Overseas assets (for those with joint ventures and subsidiaries abroad)**

The Company does not have any joint venture or subsidiary abroad, hence not applicable.

**Off-Balance Sheet SPVs sponsored**

The Company has not sponsored any off-Balance Sheet SPV.

**47 Customer complaints**

		<b>Year ended March 31, 2016</b>
(a)	Number of complaints pending at the beginning of the year	313
(b)	Number of complaints received during the year	7,281
(c)	Number of complaints redressed during the year	6,769
(d)	Number of complaints pending at the end of the year	825

**48 Penalties:**

During the year ended March 31, 2016, no penalties have been levied by any regulator on the Company.

**49 Previous year comparatives**

Pursuant to the amalgamation of Shriram Equipment Finance Company Limited (Refer note 33), the figures of the current year are not strictly comparable to those of the previous year. Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
 ICAI Firm Registration No. 301003E /  
 E300005

Chartered Accountants

**per Shrawan Jalan**  
 Partner  
 Membership No. 102102

For **G. D. Apte & Co.**  
 ICAI Firm Registration No. 100515W

Chartered Accountants

**Ameya D. Tambekar**  
 Partner  
 Membership No. 128355

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company  
 Limited**

**S. Lakshminarayanan**  
 Chairman  
 DIN: 02808698

**Umesh Revankar**  
 Managing Director  
 DIN: 00141189

Mumbai  
 April 29, 2016

**Parag Sharma**  
 Chief Financial Officer

**Vivek M. Achwal**  
 Company Secretary



**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**

**(Rs. in lacs)**

(4)	Break up of leased assets and stock on hire counting towards AFC activities	Amount outstanding
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	NIL
	(b) Operating lease	NIL
	(ii) Stock on hire including hire charges under sundry debtors :	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC Activities :	
	(a) Loans where assets have been repossessed	19,080.67
	(b) Loans other than (a) above	5,999,251.56

**(Rs. in lacs)**

(5)	Break-up of investments :	Amount outstanding
	Current investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debenture and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government securities	399.52
	(v) Others (Please specify)	NIL
	2. Unquoted :	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	10,000.00
	(iv) Government securities	NIL
	(v) Others (Please specify)	NIL
	Long term investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government securities	115,126.15
	(v) Others (Please specify)	NIL

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. in lacs)

<b>(4)</b>	<b>Break up of leased assets and stock on hire counting towards AFC activities</b>	<b>Amount outstanding</b>	
	2. Unquoted :		
	(i) Shares: (a) Equity		3,042.20
	(b) Preference		NIL
	(ii) Debentures and bonds		NIL
	(iii) Units of mutual funds		200.00
	(iv) Government securities		NIL
	(v) Others -Venture capital fund		1,655.64
	Investment in subordinated debts		5,000.00

(Rs. in lacs)

<b>(6)</b>	<b>Borrower group-wise classification of assets, financed as in (3) and (4) above :</b>			
	Please see note 2 below			
	<b>Category</b>	<b>Amount ( Net of provisions )</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	1. Related Parties **			
	(a) Subsidiaries	NIL	NIL	NIL
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than related parties	5,765,548.19	149,962.67	<b>5,915,510.86</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2016**

**As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**

(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>		
	Please see note 3 below		(Rs. in lacs)
	<b>Category</b>	<b>Market Value / Break up or fair value or NAV*</b>	<b>Book Value (Net of Provisions)</b>
	1. Related Parties **		
	(a) Subsidiaries	5,136.90	3,000.00
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related parties	124,951.57	122,423.51

\* Disclosure is made in respect of available information.

\*\* As per Accounting Standard of ICAI (Please see note 3)

(8) Other information			(Rs. in lacs)
	<b>Particulars</b>	<b>Amount</b>	
(i)	Gross non-performing assets		
	(a) Related parties	NIL	
	(b) Other than related parties	387,023.84	
(ii)	Net non-performing assets		
	(a) Related parties	NIL	
	(b) Other than related parties	114,369.70	
(iii)	Assets acquired in satisfaction of debt	NIL	

**Notes :**

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

**Shriram Transport Finance Company Limited**

**(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part A: Subsidiaries**

**(Rs. in lacs)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Shriram Automall India Limited</b>
1	Capital	3,000.00
2	Reserves	2,136.90
3	Total assets	8,282.41
4	Total liabilities	3,145.51
5	Investment included in total assets	1,415.09
6	Turnover	7,571.25
7	Profit before taxation	784.73
8	Provision for taxation	242.66
9	Profit after taxation	542.07
10	Dividend including dividend distribution tax	-
11	% of shareholding	100.00

**Part B: associates and joint venture**

The Company does not have any joint venture or associate, hence not applicable.

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
12<sup>th</sup> Floor, The Ruby  
29, Senapati Bapat Marg  
Dadar (West), Mumbai – 400 028

G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Pune - 411038

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Shriram Transport Finance Company Limited

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Shriram Transport Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E**  
**100515W**

**per Shrawan Jalan**  
**Partner**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number:**

**Ameya Tambekar**  
**Partner**

Membership No.: 102102  
Place: Mumbai  
Date: April 30, 2015

Membership No: 128355  
Place: Mumbai  
Date: April 30, 2015

**Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

Re: **Shriram Transport Finance Company Limited** (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, wealth-tax, professional tax, service tax, value added tax, cess and other material statutory dues applicable to it. The provision relating to sales tax, custom duty and excise duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, wealth-tax, professional tax, service tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provisions of sales tax, custom duty and excise duty are currently not applicable to the Company.

**Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

Re: **Shriram Transport Finance Company Limited** (“the Company”)

- (c) According to the records of the Company, the dues outstanding of income-tax, value added tax and service tax dues disputed by the Company, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	11,813.15	A.Y. 2012-13	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	4,795.47	A.Y. 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	7,570.02	A.Y. 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	7,828.28	A.Y. 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	2,067.74	A.Y. 2008-09	Madras High Court
Income Tax Act, 1961	Income Tax demands	158.99	A.Y. 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	1,815.03	A.Y. 2007-08	Madras High Court
Income Tax Act, 1961	Income Tax demands	851.59	A.Y. 2006-07	Madras High Court
Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease transactions	21,230.18	A.Y. 2003-04 to A.Y. 2009-10	CESTAT (Custom, Excise and Service tax appellate tribunal)
Finance Act, 1994 (Service tax)	Service tax demands	300*	A.Y. 2003-04 to A.Y. 2004-05	Commissioner of Central Excise and Customs
Maharashtra Value Added Tax	Value added tax	1,843	A.Y. 2006-07	Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value added tax	0.15*	A.Y. 2006-07	Maharashtra Sales Tax Tribunal
Tamil Nadu VAT Act, 2006	Value added tax	2,234.55*	A.Y. 2006-07 to A.Y. 2013-2014	Appellate Deputy Commissioner (Commercial Tax)
Andhra Pradesh Value Added Tax	Value added tax	348.41*	A.Y. 2005-06 to A.Y. 2008-09	Andhra Pradesh High court
Rajasthan Value Added Tax	Value added tax	193.33*	A.Y. 2006-07 to A.Y. 2013-14	Deputy Commissioner (Appeals Rajasthan)
Orissa Value Added Tax	Value added tax	9.04*	A.Y. 2008-09 to 2012-13	Assistant Commissioner of Commercial tax (Appeals)

\*Net of amount paid under protest

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

**Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

**Re: Shriram Transport Finance Company Limited (“the Company”)**

- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) We have been informed that during the year under audit few borrowers of the Company have defrauded the company by forging documents after borrowing and consequently such loans amounting to Rs. 44.43 lacs have become doubtful of recovery and the same have been fully provided for by the Company. The company has also taken necessary action against the said borrowers.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
**ICAI Firm registration number: 301003E**

**For G. D. Apte & Co.**  
**Chartered Accountants**  
**ICAI Firm registration number: 100515W**

**per Shrawan Jalan**  
**Partner**  
Membership No.: 102102

**Ameya Tambekar**  
**Partner**  
Membership No: 128355

Place: Mumbai  
Date: April 30, 2015

Place: Mumbai  
Date: April 30, 2015

**Shriram Transport Finance Company Limited**  
**Balance Sheet as at March 31, 2015**

(Rs. in laes)

Particulars	Note No	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,690.67	22,690.67
(b) Reserves and surplus	4	901,105.83	804,631.06
		<b>923,796.50</b>	<b>827,321.73</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	3,157,076.48	2,271,208.89
(b) Other Long-term liabilities	6	97,134.26	96,871.42
(c) Long-term provisions	7	158,650.37	127,174.08
		<b>3,412,861.11</b>	<b>2,495,254.39</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	266,140.59	298,589.79
(b) Trade payables		115,968.91	47,396.12
(c) Other current liabilities	6	1,174,164.15	1,225,628.63
(d) Short-term provisions	7	39,783.94	29,355.70
		<b>1,596,057.59</b>	<b>1,600,970.24</b>
<b>Total</b>		<b>5,932,715.20</b>	<b>4,923,546.36</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		9,944.50	9,901.78
(ii) Intangible assets		127.87	164.49
(b) Non-current investments	10	111,426.49	68,979.99
(c) Deferred tax assets (net)	11	25,648.45	25,116.23
(d) Long-term loans and advances	12	3,082,287.15	2,210,036.75
(e) Other non-current assets	13	9,310.56	9,442.50
		<b>3,238,745.02</b>	<b>2,323,641.74</b>
<b>(2) Current assets</b>			
(a) Current investments	14	221,292.13	203,546.33
(b) Cash and bank balances	15	472,339.89	708,597.76
(c) Short-term loans and advances	12	1,994,093.70	1,679,759.86
(d) Other current assets	13	6,244.46	8,000.67
		<b>2,693,970.18</b>	<b>2,599,904.62</b>
<b>Total</b>		<b>5,932,715.20</b>	<b>4,923,546.36</b>

**Shriram Transport Finance Company Limited**  
**Balance Sheet as at March 31, 2015**

Significant accounting policies 2.1  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**  
Chairman  
DIN: 02808698

**Umesh Revankar**  
Managing Director  
DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2015**

(Rs. in lacs)

<b>Particulars</b>	<b>Note No</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
<b>Income</b>			
Revenue from operations	<b>16</b>	863,694.73	788,009.70
Other income	<b>17</b>	777.72	816.21
<b>Total</b>		<b>864,472.45</b>	<b>788,825.91</b>
<b>Expenditure</b>			
Employee benefit expenses	<b>18</b>	42,958.86	40,885.97
Finance cost	<b>19</b>	438,998.20	393,251.86
Depreciation and amortisation	<b>9</b>	4,050.62	2,913.79
Other expenses	<b>20</b>	65,310.69	54,090.34
Provisions and write offs	<b>21</b>	128,915.27	114,879.69
<b>Total</b>		<b>680,233.64</b>	<b>606,021.65</b>
<b>Profit before taxation</b>		<b>184,238.81</b>	<b>182,804.26</b>
<b>Provision for taxation</b>			
Current tax		60,947.79	53,116.92
Deferred tax		(489.96)	3,266.57
<b>Total tax expense / (income)</b>		<b>60,457.83</b>	<b>56,383.49</b>
<b>Profit after tax from operations</b>		<b>123,780.98</b>	<b>126,420.77</b>
<b>Earnings per share</b>	<b>22</b>		
Basic (Rs.)		54.56	55.72
Diluted (Rs.)		54.56	55.72
Nominal value of equity share (Rs.)		<b>10.00</b>	<b>10.00</b>

**Shriram Transport Finance Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2015**

Significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**      **Umesh Revankar**  
Chairman                      Managing Director  
DIN: 02808698              DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**                      **Vivek M. Achwal**  
Chief Financial Officer              Company Secretary

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2015**

(Rs. in lacs)

<b>Particulars</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
<b>A. Cash flow from operating activities</b>		
Profit before taxes	184,238.81	182,804.26
Depreciation and amortisation	4,050.62	2,913.79
Loss / (profit) on sale of fixed assets (net)	35.75	(308.21)
Provision for diminution in value of investments	-	16.81
Employees stock option compensation cost	-	0.90
Premium on Government Securities	19.74	10.49
Amortisation of Discount on Government Securities	(165.69)	(91.77)
Amortisation of issue expenses for equity shares	168.85	152.78
Amortisation of public issue expenses for non-convertible debentures	1,761.70	1,467.06
Provisions for non performing assets and bad debt written off	125,934.32	113,601.45
Provisions for standard assets	2,980.95	1,261.43
Provision for gratuity	(16.44)	(1,715.11)
Provision for leave encashment	70.81	193.79
<b>Operating profit before working capital changes</b>	<b>319,079.42</b>	<b>300,307.67</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	68,572.79	(12,481.13)
Increase / (decrease) in provisions	(5,437.65)	(19,302.54)
Increase / (decrease) in provision for service tax- contested	-	15.81
Increase / (decrease) in other liabilities	(32,940.26)	(122,625.38)
(Increase) / decrease in investments	(60,048.59)	84,326.95
(Increase) / decrease in investments in associates	-	100.00
(Increase) / decrease in investments in subsidiaries	-	0.01
Decrease / (increase) in loans and advances	(1,277,132.89)	(567,328.34)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	53,179.53	15,450.96
Decrease / (increase) in other assets	1,857.14	273.42
<b>Cash generated from operations</b>	<b>(932,870.51)</b>	<b>(321,262.57)</b>
Direct taxes paid (net of refunds)	(57,743.68)	(56,581.90)
<b>Net cash flow from in operating activities (A)</b>	<b>(990,614.19)</b>	<b>(377,844.47)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed including intangible assets	(4,277.66)	(7,180.19)
Proceeds from sale of fixed assets	63.10	515.91
<b>Net cash used in investing activities (B)</b>	<b>(4,214.56)</b>	<b>(6,664.28)</b>

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2015**

(Rs. in lacs)

<b>Particulars</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	-	1.88
Securities premium on issue of equity capital	-	4.70
Amount received from institutional borrowing	2,220,993.36	1,758,710.00
Amount received from public issue of non-convertible debentures	197,484.71	123,589.04
Increase / (decrease) in retail borrowings	165,612.77	127,215.42
Amount redeemed for public issue of non-convertible debentures	(34,306.30)	(27,120.05)
Repayment of institutional borrowing	(1,714,627.52)	(1,492,591.85)
Public issue expenses for non-convertible debentures paid	(1,255.33)	(2,448.01)
Dividend paid	(18,150.62)	(15,881.04)
Tax on dividend	(3,356.44)	(2,698.57)
<b>Net cash from financing activities (C)</b>	<b>812,394.63</b>	<b>468,781.52</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(182,434.12)</b>	<b>84,272.77</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>531,266.88</b>	<b>446,994.11</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>348,832.76</b>	<b>531,266.88</b>

(Rs. in lacs)

<b>Components of Cash and Cash Equivalents</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Cash and Cash Equivalents at the end of the year</b>		
i) Cash on hand	10,794.43	13,587.88
ii) Cheques on hand	7,367.11	1,976.67
iii) Call money (CBLO)	-	69,882.53
iv) Balances with scheduled banks in:		
Current accounts	165,145.63	184,449.84
Unpaid dividend accounts *	821.59	773.96
Deposits with original maturity of less than three months	164,704.00	260,596.00
<b>Total cash and cash equivalents (Note 15)</b>	<b>348,832.76</b>	<b>531,266.88</b>

Significant Accounting Policies (Note 2.1)

The accompanying notes are an integral part of the financial statements.

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2015**

**Notes**

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) All figures in brackets indicate outflow.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- \*4) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
Partner  
Membership No. 102102

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**S. Lakshminarayanan**      **Umesh Revankar**  
Chairman                      Managing Director  
DIN: 02808698              DIN: 00141189

Mumbai  
April 30, 2015

**Parag Sharma**                      **Vivek M. Achwal**  
Chief Financial Officer              Company Secretary

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

<b>1.</b>	<b>Corporate information</b>						
	<p>Shriram Transport Finance Company Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The Company provides finance for commercial vehicles and other loans. The Company is registered with the Reserve Bank of India (RBI), Ministry of Corporate Affairs and Insurance Regulatory and Development Authority of India (IRDA). The registration details are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">RBI</td> <td style="width: 50%;">07-00459</td> </tr> <tr> <td>Corporate Identification No. (CIN)</td> <td>L65191TN1979PLC007874</td> </tr> <tr> <td>IRDA</td> <td>9622839</td> </tr> </table>	RBI	07-00459	Corporate Identification No. (CIN)	L65191TN1979PLC007874	IRDA	9622839
RBI	07-00459						
Corporate Identification No. (CIN)	L65191TN1979PLC007874						
IRDA	9622839						
<b>2.</b>	<b>Basis of preparation</b>						
	<p>The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policies explained below. The complete financial statements have been prepared along with all disclosures.</p>						
<b>2.1</b>	<b>Significant accounting policies</b>						
<b>(a)</b>	<b>Change in accounting policy</b>						
	<b>Depreciation on fixed assets</b>						
	<p>Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.</p> <p><b>1. Useful lives/ depreciation rates</b> Effective from April 01, 2014, the Company has provided depreciation on fixed assets based on useful lives as provided in Schedule II of the Companies Act, 2013 or as re-assessed by the Company. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. This change in accounting policy has resulted in additional charge of depreciation of Rs. 737.85 lacs for the year ended March 31, 2015 and has impacted the opening reserve to the extent of Rs. 82.07 lacs (net of deferred tax).</p> <p><b>2. Component accounting</b> Further, on application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset.</p> <p><b>3. Depreciation on assets costing less than Rs. 5,000/-</b> Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014. The change in accounting for depreciation of assets costing less than Rs. 5,000/- did not have any material impact on financial statements of the Company for the current year.</p>						
<b>(b)</b>	<b>Current / non-current classification of assets / liabilities</b>						
	<p>The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.</p>						
<b>(c)</b>	<b>Use of estimates</b>						
	<p>The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.</p>						

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

<b>(d)</b>	<p><b>Fixed assets, depreciation/amortisation and impairment</b></p> <p><b>Tangible fixed assets</b> Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.</p> <p><b>Depreciation on tangible fixed assets</b> Depreciation on tangible fixed assets is provided on Straight Line basis ('SLM') using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful life to provide depreciation on its Fixed Assets:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Useful life as prescribed by Schedule II of the Companies Act, 2013</th> <th style="text-align: center;">Useful Life Estimated by Company</th> </tr> </thead> <tbody> <tr><td>Building</td><td style="text-align: center;">60 years</td><td style="text-align: center;">60 years</td></tr> <tr><td>Plant &amp; Machinery</td><td style="text-align: center;">15 years</td><td style="text-align: center;">15 years</td></tr> <tr><td>Electrical Equipment</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Generator</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Furniture &amp; Fixture</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Air conditioner</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Electronic Equipment</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Office Equipment</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Refrigerator</td><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td>Motor Car</td><td style="text-align: center;">8 years</td><td style="text-align: center;">8 years</td></tr> <tr><td>Vehicles</td><td style="text-align: center;">10 years</td><td style="text-align: center;">10 years</td></tr> <tr><td>Server and networking</td><td style="text-align: center;">6 years</td><td style="text-align: center;">6 years</td></tr> <tr><td>Computer</td><td style="text-align: center;">3 years</td><td style="text-align: center;">3 years</td></tr> </tbody> </table> <p>Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months. Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.</p> <p><b>Intangible assets</b> Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Rates (SLM)</th> </tr> </thead> <tbody> <tr> <td>Computer software</td> <td style="text-align: center;">33.33%</td> </tr> </tbody> </table> <p>Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.</p> <p><b>Impairment of assets</b> The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in statement of profit and loss, unless the same is carried at revalued amount and treated as revaluation reserve.</p>	Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful Life Estimated by Company	Building	60 years	60 years	Plant & Machinery	15 years	15 years	Electrical Equipment	10 years	10 years	Generator	10 years	10 years	Furniture & Fixture	10 years	10 years	Air conditioner	5 years	5 years	Electronic Equipment	5 years	5 years	Office Equipment	5 years	5 years	Refrigerator	5 years	5 years	Motor Car	8 years	8 years	Vehicles	10 years	10 years	Server and networking	6 years	6 years	Computer	3 years	3 years	Particulars	Rates (SLM)	Computer software	33.33%
Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful Life Estimated by Company																																													
Building	60 years	60 years																																													
Plant & Machinery	15 years	15 years																																													
Electrical Equipment	10 years	10 years																																													
Generator	10 years	10 years																																													
Furniture & Fixture	10 years	10 years																																													
Air conditioner	5 years	5 years																																													
Electronic Equipment	5 years	5 years																																													
Office Equipment	5 years	5 years																																													
Refrigerator	5 years	5 years																																													
Motor Car	8 years	8 years																																													
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Computer software	33.33%																																														

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

<b>(e)</b>	<p><b>Investments</b></p> <p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p> <p>An investment in buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.</p>
<b>(f)</b>	<p><b>Provisioning / Write-off of assets</b></p> <p>Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Delinquencies on assets securitised/assigned are provided for based on management estimates of the historical data.</p> <p>Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.</p>
<b>(g)</b>	<p><b>Loans</b></p> <p>Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the balance sheet date as reduced by the amounts received and loans securitised.</p>
<b>(h)</b>	<p><b>Leases</b></p> <p><b>Where the Company is the lessor</b></p> <p>Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.</p> <p><b>Where the Company is the lessee</b></p> <p>Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.</p>
<b>(i)</b>	<p><b>Foreign currency translation</b></p> <p><b>Initial recognition</b></p> <p>Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.</p> <p><b>Conversion</b></p> <p>Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of the balance sheet.</p> <p><b>Exchange differences</b></p> <p>All exchange differences are dealt with including differences arising on translation settlement of monetary items in the statement of profit and loss.</p> <p><b>Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability</b></p> <p>The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.</p>
<b>(j)</b>	<p><b>Revenue recognition</b></p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.</p> <ol style="list-style-type: none"> <li>i. Income from financing activities is recognised on the basis of internal rate of return on time proportion basis. All other charges relating to financing activities are recognized on accrual basis.</li> <li>ii. Subvention income is recognised as income over the tenor of the loan agreements. For the agreements foreclosed/transferred through assignment, balance of subvention income is recognised as income at the time of such foreclosure/transfer through assignment.</li> <li>iii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.</li> <li>iv. Additional finance charges/additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.</li> </ol>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

	<p>v. Income apportioned on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' /agreements. Loss/expenditure, if any, in respect of securitisation /direct assignment is recognised upfront.</p> <p>Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment.</p> <p>Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.</p> <p>vi. Interest income on fixed deposits/margin money, call money (Collateralised borrowing and lending obligation), certificate of deposits, pass through certificates, subordinated debts, government securities, inter corporate deposits and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.</p> <p>vii. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.</p> <p>viii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.</p> <p>xi. Income from services is recognised as per the terms of the contract on accrual basis.</p> <p>x. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.</p>
<b>(k)</b>	<b>Retirement and other employee benefits</b>
	<p><b><u>Provident fund</u></b></p> <p>All the employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the period in which service is received.</p> <p><b><u>Gratuity</u></b></p> <p>The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to The Trustees- Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.</p> <p><b><u>Leave encashment</u></b></p> <p>Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.</p> <p>The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.</p> <p>The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.</p>
<b>(l)</b>	<b>Income tax</b>
	<p>Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.</p>

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

	<p>The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>
<b>(m)</b>	<p><b>Segment reporting policies</b></p> <p><b>Identification of segments:</b> The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.</p> <p><b>Unallocated items:</b> Unallocated items include income and expenses which are not allocated to any reportable business segment.</p> <p><b>Segment policies :</b> The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.</p>
<b>(n)</b>	<p><b>Earnings per share</b></p> <p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.</p>
<b>(o)</b>	<p><b>Provisions</b></p> <p>A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.</p>
<b>(p)</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.</p>
<b>(q)</b>	<p><b>Equity shares and debentures issue expenses</b></p> <p>Expenses incurred on issue of equity shares are charged to statement of profit and loss on a straight line basis over a period of 10 years.</p> <p>Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.</p> <p>Expenses incurred for private placement of debentures, are charged to statement of profit and loss in the year in which they are incurred.</p>
<b>(r)</b>	<p><b>Borrowing costs</b></p> <p>Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of profit and loss in the year in which they are incurred.</p>
<b>(s)</b>	<p><b>Employee stock compensation costs</b></p> <p>In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.</p>
<b>(t)</b>	<p><b>Contingent liabilities</b></p> <p>A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.</p>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

Note 3- Share Capital	As at March 31, 2015	As at March 31, 2014
<b>Authorised</b>		
397,000,000 (March 31, 2014: 397,000,000) Equity Shares of Rs.10/- each	39,700.00	39,700.00
20,000,000 (March 31, 2014: 20,000,000) Preference Shares of Rs.100/- each	20,000.00	20,000.00
	<b>59,700.00</b>	<b>59,700.00</b>
<b>Issued and Subscribed share capital</b>		
226,936,877( March 31, 2014: 226,936,877) equity shares of Rs. 10/- each	22,693.69	22,693.69
<b>Paid up (Fully paid up)</b>		
Equity Shares		
226,882,736 (March 31, 2014: 226,882,736) equity shares of Rs. 10/- each	22,688.27	22,688.27
	<b>22,688.27</b>	<b>22,688.27</b>
48,000 equity shares of Rs.10/- each (Rs. 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,690.67</b>	<b>22,690.67</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

<b>a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.</b>	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
	<b>Numbers of shares</b>	<b>Rs. in lacs</b>	<b>Numbers of shares</b>	<b>Rs. in lacs</b>
Shares outstanding at the beginning of the year	226,882,736	22,688.27	226,863,936	22,686.39
Issued during the period - Employee stock option scheme	-	-	18,800	1.88
<b>Shares outstanding at the end of the year</b>	<b>226,882,736</b>	<b>22,688.27</b>	<b>226,882,736</b>	<b>22,688.27</b>

**b. Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2015, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 10.00 (March 31, 2014 : Rs. 7.00). Out of the total dividend declared during the year ended March 31, 2015, amount of interim dividend paid was Rs. 4.00 per equity share (March 31, 2014: Rs. 3.00) and amount of final dividend proposed was Rs. 6.00 per equity share ( March 31, 2014: Rs. 4.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

During the year ended March 31, 2015 Nil (March 31, 2014: 18,800) equity shares were vested and exercised.

**d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The Company has issued total 1,364,918 equity shares (March 31, 2014 : 3,712,568) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited.

**e. Details of shareholders holding more than 5% equity shares in the Company**

<b>Details of shareholding</b>	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
	<b>Number of shares</b>	<b>% holding in the class</b>	<b>Number of shares</b>	<b>% holding in the class</b>
<b>Equity shares of Rs. 10/- each</b>				
Shriram Capital Limited	59,103,162	26.05%	59,103,162	26.05%
PHL Capital Private Limited	22,600,000	9.96%	22,600,000	9.96%
Genesis Indian Investment Company Limited	-	-	13,648,064	6.02%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

<b>Note 4- Reserves and surplus</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Capital reserve</b>	<b>2,761.83</b>	<b>2,761.83</b>
<b>Capital redemption reserve</b>	<b>5,388.35</b>	<b>5,388.35</b>
<b>Securities premium account</b>		
Balance as per last account	175,481.06	175,442.36
Add: Addition on ESOPs exercised	-	4.70
Add: Transferred from stock options outstanding	-	34.00
<b>Closing balance</b>	<b>175,481.06</b>	<b>175,481.06</b>
<b>Debenture redemption reserve</b>		
Balance as per last account	41,335.44	30,180.03
Add: Transfer from surplus balance in the statement of profit and loss	31,389.47	19,370.76
Less: Transfer to statement of profit and loss on account of redemption	(9,933.65)	(8,215.35)
<b>Closing balance</b>	<b>62,791.26</b>	<b>41,335.44</b>
<b>Other reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	155,199.79	129,199.79
Add: Transfer from surplus balance in the statement of profit and loss	25,000.00	26,000.00
<b>Closing balance</b>	<b>180,199.79</b>	<b>155,199.79</b>
<b>General reserve</b>		
Balance as per last account	78,153.63	65,153.63
Add: Transfer from surplus balance in the statement of profit and loss	12,500.00	13,000.00
<b>Closing balance</b>	<b>90,653.63</b>	<b>78,153.63</b>
<b>Surplus in statement of profit and loss</b>		
Balance as per last account	346,310.96	288,626.08
Depreciation charged off from retained profit as per Schedule II to The Companies Act, 2013	(124.33)	-
Deferred Tax expenses on above	42.26	-
Add: Profit for the current year	123,780.98	126,420.77
Add: Excess provision written back-tax on dividend	0.42	-
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(25,000.00)	(26,000.00)
Transfer to general reserve	(12,500.00)	(13,000.00)
Transfer to/from debenture redemption reserve	(21,455.82)	(11,155.41)
Interim dividend [amount per share Rs. 4.00 (March 31, 2014: Rs. 3.00)]	(9,075.31)	(6,806.48)
Tax on interim dividend	(1,814.51)	(1,156.34)
Proposed final dividend [amount per share Rs. 6.00 (March 31, 2014: Rs. 4.00)]	(13,612.96)	(9,075.31)
Tax on proposed dividend	(2,721.78)	(1,542.35)
<b>Total appropriations</b>	<b>(86,180.38)</b>	<b>(68,735.89)</b>
<b>Net surplus in statement of profit and loss</b>	<b>383,829.91</b>	<b>346,310.96</b>
<b>Total</b>	<b>901,105.83</b>	<b>804,631.06</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

Note 5- Long-term borrowings	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities*	Non-current portion	Current maturities*
Subordinated debts (Unsecured)	329,934.46	66,100.82	391,303.31	50,441.72
<b>Redeemable non-convertible debentures</b>				
Secured	1,380,890.97	396,866.53	891,321.70	424,315.39
Less: Unamortised discount	(27.92)	(117.73)	(145.65)	(582.15)
	1,380,863.05	396,748.80	891,176.05	423,733.24
Unsecured	-	2,150.00	2,150.00	79,580.00
Less: Unamortised discount	-	-	-	(110.08)
	-	2,150.00	2,150.00	79,469.92
<b>Term loans from banks</b>				
Unsecured	10,000.00	-	10,000.00	-
Secured	897,040.56	435,638.46	718,448.56	392,182.66
Fixed deposits (Unsecured) #	470,043.50	65,929.39	192,407.45	38,010.66
<b>Term loans from financial institutions / corporates</b>				
Secured	68,900.00	37,800.00	65,700.00	38,800.00
<b>Loans and advances from related parties</b>				
Subordinated debts (Unsecured)				
from Relative of Key Management Personnel	1.10	-	1.10	-
from Enterprises having significant influence over the Company	239.94	28.09	-	-
Redeemable non-convertible debentures (Secured)				
from Key Management Personnel	3.00	-	3.00	-
from Relative of Key Management Personnel	11.89	2.44	14.33	23.08
from Enterprises having significant influence over the Company	5.00	-	-	-
Fixed deposits (Unsecured)				
from Relative of Key Management Personnel	33.98	3.00	5.09	1.10
<b>Total</b>	<b>3,157,076.48</b>	<b>1,004,401.00</b>	<b>2,271,208.89</b>	<b>1,022,662.38</b>

\* Amount disclosed under the Note 6 Other current liabilities

# Includes deposits from corporates Rs. 7,497.61 lacs (March 31, 2014 Rs. 3,452.55 lacs).

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**A) Subordinated debt -unsecured**

**i) Privately placed subordinated debts of Rs. 100,000/- each**

Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	7,300.00	-	7,300.00
48-60 months	-	6,469.00	-	6,469.00
36-48 months	-	-	4,541.00	4,541.00
12-24 months	-	5,000.00	-	5,000.00
<b>Total</b>	-	<b>18,769.00</b>	<b>4,541.00</b>	<b>23,310.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>25,577.00</b>	-	<b>25,577.00</b>
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Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	13,769.00	-	13,769.00
48-60 months	-	-	4,541.00	4,541.00
24-36 months	-	5,000.00	-	5,000.00
12-24 months	-	25,577.00	-	25,577.00
<b>Total</b>	-	<b>44,346.00</b>	<b>4,541.00</b>	<b>48,887.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>15,000.00</b>	<b>5,500.00</b>	<b>20,500.00</b>
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**ii) Privately placed subordinated debts of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	104,010.00	-	104,010.00
48-60 months	-	7,000.00	-	7,000.00
36-48 months	2,500.00	25,630.00	5,000.00	33,130.00
24-36 months	-	25,000.00	-	25,000.00
12-24 months	-	5,000.00	-	5,000.00
<b>Total</b>	<b>2,500.00</b>	<b>166,640.00</b>	<b>5,000.00</b>	<b>174,140.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>35,000.00</b>	-	<b>35,000.00</b>
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Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	106,010.00	-	106,010.00
48-60 months	2,500.00	25,630.00	5,000.00	33,130.00
36-48 months	-	25,000.00	-	25,000.00
24-36 months	-	5,000.00	-	5,000.00
12-24 months	-	35,000.00	-	35,000.00
<b>Total</b>	<b>2,500.00</b>	<b>196,640.00</b>	<b>5,000.00</b>	<b>204,140.00</b>

**Current maturity**

Outstanding as at March 31, 2014 : Rs. Nil

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

iii) Privately placed subordinated debts of Rs. 1,000/- each

Terms of repayment as on March 31, 2015

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	34,263.46	-	34,263.46
48-60 months	-	31,431.66	-	31,431.66
36-48 months	5.40	47,109.29	-	47,114.69
24-36 months	1,481.88	6,589.06	-	8,070.94
12-24 months	46.99	3,487.45	-	3,534.44
<b>Total</b>	<b>1,534.27</b>	<b>122,880.92</b>	<b>-</b>	<b>124,415.19</b>

Current maturity

<b>Upto 12 months</b>	-	<b>5,551.41</b>	<b>0.50</b>	<b>5,551.91</b>
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Terms of repayment as on March 31, 2014

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
Over 60 months	-	65,695.12	-	65,695.12
48-60 months	5.40	47,109.29	-	47,114.69
36-48 months	1,481.88	6,589.06	-	8,070.94
24-36 months	46.99	3,487.45	-	3,534.44
12-24 months	-	5,551.41	0.50	5,551.91
<b>Total</b>	<b>1,534.27</b>	<b>128,432.33</b>	<b>0.50</b>	<b>129,967.10</b>

Current maturity

<b>Upto 12 months</b>	-	<b>8,038.37</b>	<b>21,903.35</b>	<b>29,941.72</b>
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iv) Public issue of subordinated debt of Rs. 1,000/- each (2010)-quoted

Long term borrowing

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on
Option -IV	10.40%	91.00	91.00	1-Jun-17
	10.81%	1,687.00	1,687.00	1-Mar-17
	11.25%	3,746.08	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17
<b>Total</b>		<b>8,310.31</b>	<b>8,310.31</b>	

Current maturity

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

(Rs. in lacs)

Total subordinated debts	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	321,865.19	66,128.91	382,994.10	50,441.72
Public issue (iv)	8,310.31	-	8,310.31	-
<b>Total subordinated debts</b>	<b>330,175.50</b>	<b>66,128.91</b>	<b>391,304.41</b>	<b>50,441.72</b>
Less: issued to related parties	241.04	28.09	1.10	-
<b>Total</b>	<b>329,934.46</b>	<b>66,100.82</b>	<b>391,303.31</b>	<b>50,441.72</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**B) Non-convertible debenture (NCD) -secured**

i) Privately placed redeemable non-convertible debentures of Rs. 1,000/- each

Terms of repayment as on March 31, 2015

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
36-48 months	-	1,967.83	-	-	1,967.83
24-36 months	-	9,279.12	939.52	-	10,218.64
12-24 months	1.84	47,141.27	719.40	0.88	47,863.39
<b>Total</b>	<b>1.84</b>	<b>58,388.22</b>	<b>1,658.92</b>	<b>0.88</b>	<b>60,049.86</b>

**Current maturity**

<b>Upto 12 months</b>	<b>2,576.83</b>	<b>136,882.22</b>	<b>-</b>	<b>792.60</b>	<b>140,251.65</b>
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Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	
48-60 months	-	1,978.33	-	-	1,978.33
36-48 months	-	9,385.75	939.52	-	10,325.27
24-36 months	1.84	47,445.47	719.40	0.88	48,167.59
12-24 months	2,584.05	137,415.90	-	792.92	140,792.87
<b>Total</b>	<b>2,585.89</b>	<b>196,225.45</b>	<b>1,658.92</b>	<b>793.80</b>	<b>201,264.06</b>

**Current maturity**

<b>Upto 12 months</b>	<b>8,736.18</b>	<b>100,014.14</b>	<b>6.40</b>	<b>311.80</b>	<b>109,068.52</b>
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**Nature of security**

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

\* Amount pertains to debentures issued prior to notification of the RBI Circular DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**(ii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2015

Long term borrowing (gross of unamortised discount on debenture of Rs. 27.92 lacs)

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% <sup>^</sup>	>= 10% < 12% * <sup>^</sup> ¥	>= 12% < 14% <sup>^</sup>	>= 14% < 16%	
Over 60 months	128,460.00	239,220.00	-	-	367,680.00
48-60 months	17,000.00	150,000.00	-	-	167,000.00
36-48 months <sup>^</sup>	11,500.00	27,400.00	-	-	38,900.00
24-36 months <sup>^</sup>	29,100.00	97,000.00	500.00	-	126,600.00
12-24 months* <sup>^</sup> ¥	130,000.00	135,805.00	-	-	265,805.00
<b>Total</b>	<b>316,060.00</b>	<b>649,425.00</b>	<b>500.00</b>	<b>-</b>	<b>965,985.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

<sup>^</sup>NCD amounting to Rs. 35,600.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 117.73 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%¥	>= 10% < 12% <sup>^</sup> ¥	>= 12% < 14%	>= 14% < 16%	
upto 12 months <sup>^</sup> ¥	54,500.00	72,100.00	-	-	126,600.00

<sup>^</sup>NCD amounting to Rs. 1,950.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	9.90%	20,000.00	20-Jul-15
2	10.95%	30,000.00	25-Sep-15
3	9.35%	20,000.00	22-Jun-15
<b>Total</b>		<b>70,000.00</b>	

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

Terms of repayment as on March 31, 2014

Long term borrowing ( gross of unamortised discount on debenture of Rs. 145.65 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%^	>= 10% < 12% *^¥	>= 12% < 14%	>= 14% < 16%	
Over 60 months	5,960.00	120,920.00	-	-	<b>126,880.00</b>
48-60 months	1,500.00	17,500.00	-	-	<b>19,000.00</b>
36-48 months^	3,800.00	76,000.00	-	-	<b>79,800.00</b>
24-36 months*^¥	7,750.00	123,805.00	-	-	<b>131,555.00</b>
12-24 months^	6,600.00	40,800.00	-	-	<b>47,400.00</b>
<b>Total</b>	<b>25,610.00</b>	<b>379,025.00</b>	-	-	<b>404,635.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 4,200.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 582.15 lacs )

<b>upto 12 months*^¥</b>	<b>62,010.00</b>	<b>217,585.00</b>	-	-	<b>279,595.00</b>
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\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

^NCD amounting to Rs. 19,720.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCD having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	625.00	13-Aug-14
2	10.30%	20,000.00	20-Jul-14
3	9.35%	5,000.00	23-Jun-14
4	9.35%	15,000.00	23-Jun-14
<b>Total</b>		<b>40,625.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**(iii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each**

**Terms of repayment as on March 31, 2015**

**Long term borrowing (gross of unamortised discount on debenture of Rs. Nil.)**

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
24-36 months*	-	1,200.00	-	-	1,200.00
<b>Total</b>	-	<b>1,200.00</b>	-	-	<b>1,200.00</b>

\*Partly paid to the extent of Rs. 100,000/-

**Current maturity**

<b>Upto 12 months*</b>	-	<b>1,000.00</b>	-	-	<b>1,000.00</b>
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\*Partly paid to the extent of Rs. 1,000,000/-

**Terms of repayment as on March 31, 2014**

**Long term borrowing (gross of unamortised discount on debenture of Rs. Nil.)**

Outstanding as at March 31, 2014 : Rs. Nil.

**Current maturity**

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	
<b>Upto 12 months*</b>	-	<b>1,600.00</b>	-	-	<b>1,600.00</b>

\*Partly paid to the extent of Rs. 100,000/-

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**iv) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each -(2009)**

**Terms of repayment**

**Long term borrowing**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	11.00%	-	1,484.62	26-Aug-14	-
	11.25%	-	260.36	26-Aug-14	-
Option -II	11.25%	-	1,123.20	26-Aug-14	-
	11.50%	-	351.72	26-Aug-14	-
Option -III	11.03%	-	7,508.65	26-Aug-14	-
Option -IV	11.00%	-	999.10	26-Aug-14	-
<b>Total</b>		-	<b>11,727.65</b>		

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2015****Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The funds raised from the public issue of 9,999,996 secured NCD aggregating to Rs. 99,999.96 lacs have been utilised, after meeting the expenditure of and related to the public issue, for various financing activities of the Company including lending, investments and repayment of borrowings.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 4,215.23 lacs on 12-March-2010 and Rs. 3,000.00 lacs on 27-March-2012, Rs. 23,505.26 lacs on 28-March-2012 and as per the terms of the issue Rs. 46,923.16 lacs and Rs. 6,439.79 lacs were redeemed on 26-August-2012 and 26-August-2013 respectively.

Put options were exercised for option III and IV on 26-August-2013 and Rs. 2,913.86 lacs and Rs. 1,275.02 lacs respectively were paid on 1-October-2013 in compliance with the terms of issue.

The Company has redeemed non-convertible debenture of Rs. 11,727.65 lacs on 26-August-2014 as per the terms of the issue.

**v) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each - (2010)****Terms of repayment****Long term borrowing****(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	9.00%	-	1,424.68	1-Jun-15	-
	9.50%	-	3,918.55	1-Jun-15	-
	9.75%	-	1,160.60	1-Jun-15	-
	10.00%	-	231.60	1-Jun-15	-
Option -II	9.50%	-	897.03	1-Jun-17	2-Jun-15
	10.00%	-	832.20	1-Jun-17	2-Jun-15
	10.25%	-	3,802.59	1-Jun-17	2-Jun-15
	10.50%	-	722.54	1-Jun-17	2-Jun-15
Option -III	9.75%	-	808.45	1-Jun-15	-
	10.25%	-	785.68	1-Jun-15	-
	10.50%	-	1,756.76	1-Jun-15	-
	10.75%	-	385.28	1-Jun-15	-
<b>Total</b>		-	<b>16,725.96</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	9.00%	1,424.68	-	1-Jun-15	-
	9.50%	3,918.31	-	1-Jun-15	-
	9.75%	1,160.23	-	1-Jun-15	-
	10.00%	210.37	-	1-Jun-15	-
Option -II	9.50%	897.03	-	1-Jun-17	2-Jun-15
	10.00%	785.25	-	1-Jun-17	2-Jun-15
	10.25%	3,799.51	-	1-Jun-17	2-Jun-15
	10.50%	672.17	-	1-Jun-17	2-Jun-15
Option -III	9.75%	807.77	-	1-Jun-15	-
	10.25%	782.70	-	1-Jun-15	-
	10.50%	1,779.74	-	1-Jun-15	-
	10.75%	359.56	-	1-Jun-15	-
	9.75%	-	1,616.90	1-Jun-14	-
	10.25%	-	1,571.36	1-Jun-14	-
	10.50%	-	3,513.52	1-Jun-14	-
	10.75%	-	770.56	1-Jun-14	-
<b>Total</b>		<b>16,597.32</b>	<b>7,472.34</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 1,000.00 lacs on 14-July-2011 and as per the terms of the issue Rs. 7,472.34 lacs were redeemed on 1-June-2013.

Put options were exercised for option I on 1-June-2013 and Rs. 9,109.04 lacs were paid on 05-July-2013 in compliance with the terms of issue.

The Company has bought back non-convertible debentures of Rs. 128.64 lacs on 28-October-2014.

The Company has redeemed non- convertible debenture of Rs. 7,472.34 lacs on 1-June-2014 as per the terms of the issue.

**vi) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2011)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	11.60%	-	53,470.83	11-Jul-16	12-Jul-15
	11.35%	-	24,313.78	11-Jul-16	12-Jul-15
	11.10%	-	7,340.36	11-Jul-16	12-Jul-15
<b>Total</b>		<b>-</b>	<b>85,124.97</b>		

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Option -I	11.60%	53,467.20	-	11-Jul-16	12-Jul-15
	11.35%	24,304.40	-	11-Jul-16	12-Jul-15
	11.10%	7,324.64	-	11-Jul-16	12-Jul-15
Option -II	11.35%	-	3,462.05	11-Jul-14	-
	11.10%	-	3,173.19	11-Jul-14	-
	11.00%	-	8,239.72	11-Jul-14	-
<b>Total</b>		<b>85,096.24</b>	<b>14,874.96</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 2013, where the Company has fully redeemed or repurchased any Secured NCD(s), the Company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back non-convertible debentures of Rs. 28.73 lacs on 28-October-2014.

The Company has redeemed non-convertible debenture of Rs 14,874.96 lacs on 11-July-2014 as per the terms of the issue.

**vii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2012)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	11.15%	-	8,569.28	9-Aug-15	-
	10.25%	-	14,894.88	9-Aug-15	-
Series -II	11.40%	13,349.04	13,423.10	9-Aug-17	-
	10.50%	12,845.22	12,788.11	9-Aug-17	-
Series -III	11.15%	-	3,725.06	9-Aug-15	-
	10.25%	-	161.04	9-Aug-15	-
Series -IV	11.40%	6,251.50	6,315.11	9-Aug-17	-
	10.50%	175.63	123.42	9-Aug-17	-
<b>Total</b>		<b>32,621.39</b>	<b>60,000.00</b>		

**Terms of repayment**

**Current maturity**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	11.15%	8,572.90	-	9-Aug-15	-
	10.25%	14,871.99	-	9-Aug-15	-
Series -III	11.15%	3,731.19	-	9-Aug-15	-
	10.25%	147.68	-	9-Aug-15	-
<b>Total</b>		<b>27,323.76</b>	-		

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non- convertible debentures of Rs. 54.85 lacs on 28-October-2014.

**viii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-1**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	10.90%	12,850.81	12,829.17	1-Aug-16	-
	9.65%	13,542.26	13,568.20	1-Aug-16	-
Series -II	11.15%	11,561.58	11,586.22	31-Jul-17	-
	9.80%	3,378.46	3,356.06	31-Jul-17	-
	11.15%	11,561.58	11,586.22	31-Jul-18	-
	9.80%	3,378.46	3,356.07	31-Jul-18	-
Series -III	10.63%	5,801.02	5,797.30	31-Jul-18	-
	9.40%	96.00	104.42	31-Jul-18	-
Series -IV	10.90%	6,044.39	6,075.57	1-Aug-16	-
	9.65%	72.64	43.60	1-Aug-16	-
Series -V	11.15%	2,631.70	2,637.50	31-Jul-17	-
	9.80%	9.66	5.61	31-Jul-17	-
	11.15%	2,631.70	2,637.50	31-Jul-18	-
	9.80%	9.64	5.60	31-Jul-18	-
<b>Total</b>		<b>73,569.90</b>	<b>73,589.04</b>		

**Current maturity**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 73,589.04 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

The Company has bought back non- convertible debentures of Rs. 19.14 lacs on 28-October-2014.

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2015****ix) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2****Terms of repayment****Long term borrowing****(Rs. in lacs)**

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series -I	11.25%	7,745.00	7,762.63	24-Oct-16	-
	10.75%	19,390.84	19,373.21	24-Oct-16	-
Series -II	11.50%	3,167.15	3,164.51	24-Oct-18	-
	10.75%	7,486.37	7,489.01	24-Oct-18	-
Series -III	11.75%	4,710.54	4,734.26	24-Oct-20	-
	10.75%	3,047.01	3,023.29	24-Oct-20	-
Series -IV	11.25%	2,250.99	2,253.65	24-Oct-16	-
	10.75%	14.61	11.95	24-Oct-16	-
Series -V	11.50%	809.92	809.97	24-Oct-18	-
	10.75%	5.05	5.00	24-Oct-18	-
Series -VI	11.75%	1,348.34	1,370.42	24-Oct-20	-
	10.75%	24.18	2.10	24-Oct-20	-
<b>Total</b>		<b>50,000.00</b>	<b>50,000.00</b>		

**Current maturity**

Outstanding as at March 31, 2015 &amp; March 31, 2014: Rs. Nil.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 50,000.00 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**x) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Series detail	Rate of interest	As at March 31, 2015	As at March 31, 2014	Redeemable at par on	Put and Call option
Series I	9.85%	111,578.53	-	15-Jul-17	-
	11.00%	6,571.96	-	15-Jul-17	-
	11.25%	7,742.19	-	15-Jul-17	-
Series II	10.00%	33,145.30	-	15-Jul-19	-
	11.25%	3,138.76	-	15-Jul-19	-
	11.50%	2,126.97	-	15-Jul-19	-
Series III	10.15%	5,588.00	-	15-Jul-21	-
	11.50%	5,327.02	-	15-Jul-21	-
	11.75%	2,691.85	-	15-Jul-21	-
Series IV	9.57%	51.76	-	15-Jul-19	-
	10.71%	1,427.85	-	15-Jul-19	-
	10.94%	1,304.03	-	15-Jul-19	-
Series V	9.71%	2.17	-	15-Jul-21	-
	10.94%	2,090.82	-	15-Jul-21	-
	11.17%	1,425.67	-	15-Jul-21	-
Series VI	9.85%	5,018.55	-	15-Jul-17	-
	11.00%	2,803.29	-	15-Jul-17	-
	11.25%	1,118.11	-	15-Jul-17	-
Series VII	10.00%	4.55	-	15-Jul-19	-
	11.25%	1,023.08	-	15-Jul-19	-
	11.50%	492.60	-	15-Jul-19	-
Series VIII	10.15%	33.17	-	15-Jul-21	-
	11.50%	1,893.46	-	15-Jul-21	-
	11.75%	885.02	-	15-Jul-21	-
<b>Total</b>		<b>197,484.71</b>	-		

**Current maturity**

Outstanding as at March 31, 2015 & March 31, 2014: Rs. Nil.

**Nature of Security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 197,484.71 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in lacs)

Total non-convertible debentures- secured	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	1,027,234.86	267,851.65	605,899.06	390,263.52
Public issue (iv+v+vi+vii+viii+ix+x)	353,676.00	129,017.32	285,439.97	34,074.95
<b>Total non-convertible debentures- secured</b>	<b>1,380,910.86</b>	<b>396,868.97</b>	<b>891,339.03</b>	<b>424,338.47</b>
Less: issued to related parties	19.89	2.44	17.33	23.08
<b>Total</b>	<b>1,380,890.97</b>	<b>396,866.53</b>	<b>891,321.70</b>	<b>424,315.39</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**C) Redeemable non-convertible debentures (NCD)- unsecured**

Privately placed unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2015

Long term borrowing

Outstanding as at March 31, 2015 : Rs. Nil.

Current maturity ( gross of unamortised discount on debenture of Rs. Nil )

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%	>=10% <12%^	Total
upto 12 months^	-	2,150.00	2,150.00
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Terms of repayment as on March 31, 2014

Long term borrowing ( gross of unamortised discount on debenture of Rs. Nil )

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%	>=10% <12%^	Total
12-24 months^	-	2,150.00	2,150.00
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

Current maturity ( gross of unamortised discount on debenture of Rs. 110.08 lacs )

upto 12 months^¥	22,750.00	56,830.00	79,580.00
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^NCDs amounting to Rs. 23,170.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.07%	25,000.00	30-Apr-14
<b>Total</b>		<b>25,000.00</b>	

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**D) Term loans from bank- unsecured**

**As at March 31, 2015**

**Terms of repayment**

**(Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
24-36 months	14.00%	Bullet	10,000.00	-
<b>Total</b>			<b>10,000.00</b>	<b>-</b>

**As at March 31, 2014**

**Terms of repayment**

**(Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
36-48 months	14.00%	Bullet	10,000.00	-
<b>Total</b>			<b>10,000.00</b>	<b>-</b>

**E) Term loans from banks -secured**

**As at March 31, 2015**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion #	Current maturities #
48-60 months	10.35% to 10.75%	16 to 20 installments of quarterly frequency	207,061.63	49,812.50
36-48 months	10.10% to 11.25%	10 to 48 installments of monthly, quarterly and half-yearly frequency	303,609.73	88,000.00
24-36 months	10.35% to 11.25%	5 to 48 installments of monthly, quarterly, half-yearly, yearly and specific frequency	202,164.10	119,568.67
12-24 months	9.85% to 11.25%	1 to 60 installments of bullet, monthly, quarterly, half-yearly and specific frequency	184,205.10	108,214.29
upto 12 months (* refer security details)	9.00% to 12.25%	3 to 60 installments of monthly, quarterly, half-yearly and yearly frequency	-	70,043.00
<b>Total</b>			<b>897,040.56</b>	<b>435,638.46</b>

# Loans are classified in respective time buckets based on option date.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

<b>Nature of security</b>	<b>As at March 31, 2015</b>
a) * includes secured by hypothecation of vehicles for own use	0.44
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,332,678.58
<b>Total</b>	<b>1,332,679.02</b>

**As at March 31, 2014**

**Terms of repayment**

**Long term borrowings**

(Rs. in lacs)

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
48-60 months	10.50% to 11.20%	10 to 48 installments of monthly, quarterly and half-yearly frequency	126,488.69	32,000.00
36-48 months	10.35% to 11.25%	5 to 48 installments of monthly, quarterly, half-yearly and yearly frequency	308,208.36	116,668.67
24-36 months	10.00% to 11.75%	1 to 60 installments of bullet, monthly, quarterly, half-yearly and yearly frequency	213,203.52	110,714.29
12-24 months (* refer security details)	9.00% to 12.25%	1 to 60 installments of bullet, monthly, quarterly and half-yearly frequency	70,547.99	58,486.01
Upto 12 months	9.75% to 12.75%	1 to 48 installments of bullet, monthly and quarterly frequency	-	74,313.69
<b>Total</b>			<b>718,448.56</b>	<b>392,182.66</b>

(Rs. in lacs)

<b>Nature of security</b>	<b>As at March 31, 2014</b>
a) * includes secured by hypothecation of vehicles for own use	2.91
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,110,628.31
<b>Total</b>	<b>1,110,631.22</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**F) Fixed deposits- unsecured -Refer Note 27**  
**Terms of repayment as on March 31, 2015**

**Long term borrowing (Rs. in lacs)**

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	5,136.39	24,017.39	<b>29,153.78</b>
36-48 months	305.36	12,958.74	<b>13,264.10</b>
24-36 months	19,388.02	262,174.47	<b>281,562.49</b>
12-24 months	9,874.37	136,222.74	<b>146,097.11</b>
<b>Total</b>	<b>34,704.14</b>	<b>435,373.34</b>	<b>470,077.48</b>

**Current maturity**

<b>Upto 12 months</b>	<b>37,711.68</b>	<b>28,220.71</b>	<b>65,932.39</b>
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**Terms of repayment as on March 31, 2014**

**Long term borrowing (Rs. in lacs)**

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	-	9,075.19	<b>9,075.19</b>
36-48 months	-	5,968.13	<b>5,968.13</b>
24-36 months	0.02	134,125.09	<b>134,125.11</b>
12-24 months	14,325.65	28,918.46	<b>43,244.11</b>
<b>Total</b>	<b>14,325.67</b>	<b>178,086.87</b>	<b>192,412.54</b>

**Current maturity**

<b>Upto 12 months</b>	<b>19,502.62</b>	<b>18,509.14</b>	<b>38,011.76</b>
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(Rs. in lacs)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Total Fixed deposits	470,077.48	65,932.39	192,412.54	38,011.76
Less: issued to related parties	33.98	3.00	5.09	1.10
<b>Total</b>	<b>470,043.50</b>	<b>65,929.39</b>	<b>192,407.45</b>	<b>38,010.66</b>

**G) Term Loan from financial institutions/corporates -secured**

**As at March 31, 2015**

**Terms of repayment**

**Long term borrowing (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.00%	20 installments of quarterly frequency	22,500.00	6,000.00
24-36 months	10.00%	20 installments of specific frequency	17,500.00	10,000.00
12-24 months	10.00%	1 to 12 installments of bullet and specific frequency	28,900.00	16,800.00
upto 12 months	10.00%	11 installments of specific frequency	-	5,000.00
<b>Total</b>			<b>68,900.00</b>	<b>37,800.00</b>

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2015****Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**As at March 31, 2014****Terms of repayment****Long term borrowing****(Rs. in lacs)**

<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>Non-current portion</b>	<b>Current maturities</b>
36-48 months	11.10%	20 installments of quarterly frequency	27,500.00	10,000.00
24-36 months	10.50%	11 installments of quarterly frequency	33,200.00	16,800.00
12-24 months	11.00%	10 installments of quarterly frequency	5,000.00	12,000.00
<b>Total</b>			<b>65,700.00</b>	<b>38,800.00</b>

**Nature of security**

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**(Rs. in lacs)**

<b>Total long-term borrowings</b>	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
	<b>Non-current portion</b>	<b>Current maturities</b>	<b>Non-current portion</b>	<b>Current maturities</b>
Secured borrowings	2,346,823.50	870,189.70	1,675,341.94	854,738.98
Unsecured borrowings	810,252.98	134,211.30	595,866.95	167,923.40
<b>Total long-term borrowings</b>	<b>3,157,076.48</b>	<b>1,004,401.00</b>	<b>2,271,208.89</b>	<b>1,022,662.38</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs.in lacs)

Note 6- Other liabilities	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
Current maturities of long term debts [Refer Note 5]	-	1,004,401.00	-	1,022,662.38
Interest accrued but not due on loans β	57,229.69	101,569.80	48,797.04	100,142.54
Investor education and protection fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	821.59	-	773.97
- Unclaimed matured deposits and interest accrued thereon	-	3,718.52	-	4,496.26
- Unclaimed matured debentures and interest accrued thereon	-	5,566.28	-	6,324.62
- Unclaimed matured subordinate debts and interest accrued thereon	-	1,855.92	-	6,295.16
Temporary credit balance in bank accounts	-	3,418.49	-	3,614.54
Tax deducted at source	-	1,954.32	-	1,662.07
Statutory dues pertaining to employees	-	433.13	-	340.68
Value added tax	-	412.34	-	412.34
Works contract tax payable	-	3.57	-	1.17
Unrealised gain on securitisation*	24,387.06	50,009.19	35,842.13	78,270.16
Payable to subsidiary company \$	-	-	-	632.74
Retention and others	15,517.51	-	12,232.25	-
<b>Total</b>	<b>97,134.26</b>	<b>1,174,164.15</b>	<b>96,871.42</b>	<b>1,225,628.63</b>

β Includes interest payable to subsidiary M/s. Shriram Equipment Finance Company Limited Rs. 8.15 lacs (March 31, 2014: Rs. Nil)

\* Includes realised gain on premium structure securitisation / assignment deals amounting to Rs. Nil (March 31, 2014: Rs. 155.31 lacs) - Also refer note 2.1 (j) (v).

\$ Payable to subsidiary company M/s. Shriram Automall India Limited Rs. Nil (March 31, 2014: Rs. 632.74 lacs)

(Rs. in lacs)

Note 7- Provisions	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
<b>For employee benefits</b>				
For gratuity	-	28.52	-	44.96
For leave encashment and availment	-	1,626.56	-	1,555.75
<b>For others</b>				
For non-performing assets	151,501.84	-	114,759.11	-
For standard assets [ Refer note (f) of note 2.1]	7,148.53	4,859.72	5,044.61	3,982.70
For credit loss on securitisation	-	-	7,370.36	-
For service tax- contested	-	8,793.99	-	8,793.99
For value added tax	-	575.66	-	-
For income tax	-	7,564.75	-	4,360.64
[net of advance tax Rs. 224,663.81 lacs [(March 31, 2014: Rs. 166,920.12 lacs)]				
Proposed dividend	-	13,612.96	-	9,075.31
Corporate dividend tax	-	2,721.78	-	1,542.35
<b>Total</b>	<b>158,650.37</b>	<b>39,783.94</b>	<b>127,174.08</b>	<b>29,355.70</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in lacs)

<b>Note 8- Short-term borrowings</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Secured</b>		
Redeemable non-convertible debentures	-	41,000.00
Term loans		
i) From banks	236,344.91	194,799.86
ii) From financial institutions/corporates	-	10,000.00
<b>Loans repayable on demand (Secured)</b>		
Cash credit	17,022.32	35,213.34
<b>Unsecured</b>		
Unsecured loan from subsidiary	773.36	-
Term loan from banks	12,000.00	2,200.00
Commercial papers from other than banks	-	16,000.00
Less: unamortised discount	-	(623.41)
	-	15,376.59
<b>Total</b>	<b>266,140.59</b>	<b>298,589.79</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**A) Non-convertible debenture (NCD)-secured**  
**i) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each**  
**Terms of repayment as on March 31, 2015**

Outstanding as at March 31, 2015 : Rs. Nil.

**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	>=10% <12%*¥	Total
Upto 12 months	40,000.00	40,000.00
<b>Total</b>	<b>40,000.00</b>	<b>40,000.00</b>

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.95%	30,000.00	26-Sep-14
2	10.72%	7,500.00	24-Sep-14
3	10.72%	2,500.00	24-Sep-14
<b>Total</b>		<b>40,000.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**(ii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each**  
**Terms of repayment as on March 31, 2015**

Outstanding as at March 31, 2015 : Rs. Nil.

**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	>= 10% < 12%*¥	Total
Upto 12 months	1,000.00	1,000.00
<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>

\*Partly paid to the extent of Rs. 1,00,000/-

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	1,000.00	19-Aug-14

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**B) Term loans from bank -secured**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2015</b>
upto 12 months	9.75% to 11.00%	1 to 20 installments of bullet and quarterly frequency	236,344.91
<b>Total</b>			<b>236,344.91</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	10.00 % to 11.25%	Bullet	194,799.86
<b>Total</b>			<b>194,799.86</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**C) Term loans from financial institution -secured**

Outstanding as at March 31, 2015 : Rs. Nil.

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	10.25%	Bullet	10,000.00
<b>Total</b>			<b>10,000.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**D) Term loans from bank -unsecured**

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2015</b>
upto 12 months	10.00%	Bullet	12,000.00
<b>Total</b>			<b>12,000.00</b>

# Loan is classified in time buckets based on option date.

<b>Terms of repayment</b>			<b>(Rs. in lacs)</b>
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment details</b>	<b>As at March 31, 2014</b>
Upto 12 months	10.00%	Bullet	2,200.00
<b>Total</b>			<b>2,200.00</b>

<b>E) Cash credit from bank</b>		<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	
Secured by hypothecation of specific assets covered under	17,022.32	35,213.34	

hypothecation loan agreements		
<b>Total</b>	<b>17,022.32</b>	<b>35,213.34</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**F) Commercial paper**

Outstanding as at March 31, 2015 : Rs. Nil.

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	10.20 % to 10.35 %	Bullet	16,000.00
<b>Total</b>			<b>16,000.00</b>

**Note**

The amount of commercial paper is disclosed at gross value. The amount of unamortised discount on commercial paper is Rs. 623.41 lacs.

**G) Unsecured loan from subsidiary**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2015
Upto 12 months	10.65%	Bullet	773.36
<b>Total</b>			<b>773.36</b>

Outstanding as at March 31, 2014 : Rs. Nil.

(Rs. in lacs)

Total short-term borrowings	As at March 31, 2015	As at March 31, 2014
Secured borrowings	253,367.23	281,013.20
Unsecured borrowings	12,773.36	17,576.59
<b>Total short-term borrowings</b>	<b>266,140.59</b>	<b>298,589.79</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**  
**Note 9 - Tangible and intangible fixed assets**

(Rs. in lacs)

Particulars	Tangible assets							Intangible assets	
	Land - freehold	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total tangible assets	Computer software
<b>Gross block</b>									
As at April 01, 2013	10.76	526.03	5,702.35	219.90	1,593.14	82.27	4,881.84	13,016.29	986.30
Additions	3.39	-	2,834.05	91.68	744.52	0.10	3,417.34	7,091.08	89.11
Deletions	-	138.48	271.85	12.77	116.28	4.22	481.83	1,025.43	-
Adjustment*	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	<b>14.15</b>	<b>387.55</b>	<b>8,264.55</b>	<b>298.81</b>	<b>2,221.38</b>	<b>78.15</b>	<b>7,817.35</b>	<b>19,081.94</b>	<b>1,075.41</b>
Additions	-	25.31	1,279.75	551.31	521.13	24.64	1,807.29	4,209.43	68.23
Deletions	-	-	309.30	70.30	126.76	5.69	615.12	1,127.17	-
Adjustment*	-	-	(1,521.83)	1,521.83	-	-	-	-	-
<b>As at March 31, 2015</b>	<b>14.15</b>	<b>412.86</b>	<b>7,713.17</b>	<b>2,301.65</b>	<b>2,615.75</b>	<b>97.10</b>	<b>9,009.52</b>	<b>22,164.20</b>	<b>1,143.64</b>
<b>Depreciation</b>									
As at April 01, 2013	-	127.84	2,657.52	117.84	894.14	67.83	3,324.44	7,189.61	807.74
Charge for the year	-	7.33	1,118.14	43.37	512.19	4.57	1,122.68	2,808.28	103.18
Deletions	-	41.48	216.99	8.29	85.41	4.01	461.55	817.73	-
Adjustment*	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	<b>-</b>	<b>93.69</b>	<b>3,558.67</b>	<b>152.92</b>	<b>1,320.92</b>	<b>68.39</b>	<b>3,985.57</b>	<b>9,180.16</b>	<b>910.92</b>
<b>Retained Earnings</b>									
Charge for the year	-	-	16.48	107.85	-	-	-	124.33	-
Deletions	-	6.50	1,671.35	421.00	388.69	2.94	1,453.05	3,943.53	104.85
Adjustment*	-	-	(309.65)	61.43	102.39	5.41	592.64	1,028.32	-
<b>As at March 31, 2015</b>	<b>-</b>	<b>100.19</b>	<b>4,670.40</b>	<b>929.99</b>	<b>1,607.22</b>	<b>65.92</b>	<b>4,845.98</b>	<b>12,219.70</b>	<b>1,015.77</b>
<b>Net Block</b>									
As at March 31, 2014	14.15	293.86	4,705.88	145.89	900.46	9.76	3,831.78	9,901.78	164.49
As at March 31, 2015	14.15	312.67	3,042.77	1,371.66	1,008.53	31.18	4,163.54	9,944.50	127.87

\* Adjustment is on account of regrouping of fixed assets

(Rs. in lacs)

Depreciation and amortisation	Year ended	
	March 31, 2015	March 31, 2014
on tangible assets	3,943.53	2,808.28
on intangible assets	104.85	103.18
on investment property	2.24	2.33
<b>Total</b>	<b>4,050.62</b>	<b>2,913.79</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

**Note 10 - Non-current investments**

		(Rs. in lacs)		
		Non-current investments	As at March 31, 2015	As at March 31, 2014
<b>1</b>		Investment property (net of depreciation)	195.23	197.47
<b>2</b>		Non trade :		
<b>A.</b>	<b>a)</b>	Investment in equity shares-unquoted	4,067.20	4,065.00
	<b>b)</b>	Investment in preference shares	25,000.00	25,000.00
<b>B.</b>		Investment in government securities	75,333.42	33,089.48
<b>C.</b>		Investment in subordinated debts	5,000.00	5,000.00
<b>D.</b>		Investment in venture capital fund	1,655.64	1,453.04
<b>E.</b>		Investment in mutual fund	200.00	200.00
		Less : Aggregate provision for diminution in value of investments	(25.00)	(25.00)
		<b>Total</b>	<b>111,426.49</b>	<b>68,979.99</b>

		(Rs. in lacs)				
	Particulars	Face value	Quantity	Amount	Quantity	Amount
			As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
	<b>Investment property (at cost less accumulated depreciation)</b>					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			16.43		14.19
	<b>Net Block</b>			<b>195.23</b>		<b>197.47</b>
<b>A.</b>	<b>Non trade (valued at cost unless stated otherwise)</b>					
	<b>Shares : Fully paid up</b>					
	<b>a) Unquoted - Equity shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited	10	10,000,000	1,000.00	10,000,000	1,000.00
	@ Shriram Automall India Limited	10	30,000,000	3,000.00	30,000,000	3,000.00
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited (At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2014: Rs. 25.00 lacs) )	10	25,000	-	25,000	-
	The Zoroastrian Co-operative Bank Limited (Purchased 100 share of Rs 25/- each during the year )	25	100	0.03	-	-

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in lacs)

	Particulars	Face value	Quantity	Amount	Quantity	Amount
			As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
	Freight Commerce Solutions Private Limited (Purchased 3,705 share of Rs 10/- each during the year )	10	3,705	0.37	-	-
	Shriram Seva Sankalp Foundation ( Purchased 18,000 share of Rs 10/- each during the year)	10	18,000	1.80	-	-
	<b>b) Unquoted - preference shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited	100	25,000,000	25,000.00	25,000,000	25,000.00
<b>B.</b>	<b>Government securities [Refer note 27]</b>					
	<b>Quoted</b>					
	6.13% GOI Loan 2028	100	176,000	177.36	176,000	177.47
	6.35% GOI Loan 2020	100	2,500,000	2,405.49	2,500,000	2,385.64
	6.49% GOI Loan 2015	100	-	-	500,000	495.73
	6.90% GOI Loan 2019	100	5,000,000	4,832.76	5,000,000	4,793.75
	7.02% GOI Loan 2016	100	400,000	398.27	400,000	397.02
	7.80% GOI Loan 2020	100	2,500,000	2,496.07	2,500,000	2,495.30
	8.13% GOI Loan 2022	100	2,500,000	2,502.04	2,500,000	2,502.31
	8.24% GOI Loan 2027	100	500,000	497.49	500,000	497.28
	8.26% GOI Loan 2027	100	7,500,000	7,374.83	7,500,000	7,364.70
	8.28% GOI Loan 2027	100	7,500,000	7,019.13	7,500,000	6,980.61
	8.97% GOI Loan 2030	100	2,500,000	2,658.25	2,500,000	2,668.33
	8.33% GOI Loan 2026	100	2,500,000	2,345.07	2,500,000	2,331.34
	8.28% GOI Loan 2027 (Purchased during the year)	100	7,500,000	7,265.31	-	-
	8.83% GOI Loan 2023 (Purchased during the year)	100	10,000,000	10,078.04	-	-
	7.16% GOI Loan 2023 (Purchased during the year)	100	12,500,000	11,917.43	-	-
	8.33% GOI Loan 2026 (Purchased during the year)	100	5,000,000	5,145.47	-	-
	8.60% GOI Loan 2028 (Purchased during the year)	100	7,500,000	8,220.41	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**(Rs. in lacs)**

	Particulars	Face value	Quantity	Amount	Quantity	Amount
			As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
<b>C.</b>	<b>Unquoted- Investment in subordinated debts</b> Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
<b>D.</b>	<b>Unquoted- Venture capital fund</b> ICICI Investment Management Company Limited ( Subscribed during the year Rs. 237.13 lacs (March 31, 2014: Rs. 579.89 lacs) and redeemed during the year is Rs. 34.54 lacs (March 31, 2014: Rs. Nil )	10,000	16,556	1,655.64	14,530	1,453.04
<b>E.</b>	<b>Quoted: Investment in mutual fund</b> Shriram Equity & Debt Opportunities Fund Direct -Growth	10	2,000,000	200.00	2,000,000	200.00
	<b>Total</b>			<b>111,426.49</b>		<b>68,979.99</b>
	<b>Aggregate value of quoted investments</b>					
	Cost of acquisition			75,533.42		33,289.48
	Market value			78,023.63		29,642.13
	<b>Aggregate value of unquoted investments</b>					
	Cost of acquisition			35,722.84		35,518.04
	<b>Aggregate provision for diminution in value of investments</b>			25.00		25.00

@ 3,000,000 shares have been pledged against loan availed by subsidiary from Bank.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**(Rs. in lacs)**

<b>Note 11-Deferred tax assets (net)</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting period	1,045.39	547.80
Impact of expenditure charged to the statement of profit and loss in the current year but claimed as expense for tax purpose on payment basis.	4,020.11	4,440.61
Provision for securitisation	17,509.87	18,240.09
Provision for standard assets	4,081.61	3,068.38
<b>Gross deferred tax assets (A)</b>	<b>26,656.98</b>	<b>26,296.88</b>
<b>Deferred tax liability</b>		
Debenture issue expenses	1,008.53	1,180.65
<b>Gross deferred tax liability (B)</b>	<b>1,008.53</b>	<b>1,180.65</b>
<b>Net deferred tax assets (A-B)</b>	<b>25,648.45</b>	<b>25,116.23</b>

**Shriram Transport Finance Company Limited**
**Notes forming part of the financial statements for the year ended March 31, 2015**
**(Rs. in lacs)**

Note 12- Loans and advances	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current portion #	Non-current portion	Current portion #
<b>Unsecured, considered good</b>				
Capital advances	226.69	-	277.59	-
Security deposits	2,653.12	682.17	2,761.66	827.03
<b>Secured, considered good</b>				
Hypothecation loans	2,771,925.76	1,812,182.07	1,943,326.59	1,443,622.10
Retained interest on securitisation	24,011.94	33,466.27	41,178.54	40,768.00
Other loans	48,625.79	16,503.67	10.19	30.05
Securitisation deferred consideration receivable	24,387.06	50,009.19	37,139.46	79,937.37
<b>Unsecured, considered good</b>				
Unsecured loans	8,730.59	73,797.36	13,169.34	103,295.32
Advance - hypothecation loans	1,119.60	-	1,007.45	-
Debtors on securitisation (Net of delinquency provision Rs. 51,514.79 lacs, March 31, 2014 Rs. 46,292.75 lacs)	-	-	-	34.09
<b>Unsecured, considered good</b>				
Advance recoverable from subsidiaries [ Refer note 28]*\$	-	22.25	14,152.06	189.96
<b>Doubtful</b>				
Secured hypothecation loans	178,684.89	-	139,211.07	-
Other loans	-	-	350.64	-
Unsecured loan	10,692.98	-	5,452.50	-
Advances recoverable in cash or in kind or for value to be received	36.03	-	36.14	-
<b>Other loans and advances -Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received	2,708.85	3,720.00	3,402.37	7,934.04
Service tax credit (input) receivable	-	3,238.41	-	2,308.62
Prepaid expenses	77.96	472.31	155.26	813.28
Advance income tax (net of provision for taxation) [net of provision for income tax Rs. 235,687.55 lacs (March 31, 2014: Rs. 235,687.55 lacs)]	8,405.89	-	8,405.89	-
<b>Total</b>	<b>3,082,287.15</b>	<b>1,994,093.70</b>	<b>2,210,036.75</b>	<b>1,679,759.86</b>

# Includes current maturities of long term loans and advances

\* Advance given to subsidiary M/s. Shriram Equipment Finance Company Limited Rs. Nil (March 31, 2014: Rs. 14,342.02 lacs)

\* Maximum advance given to subsidiary M/s. Shriram Equipment Finance Company Limited at anytime during the year: Rs. 34,897.44 lacs (March 31, 2014: Rs. 49,666.37 lacs)

\$ Advance given to subsidiary M/s. Shriram Automall India Limited Rs. 22.25 lacs (March 31, 2014: Rs. Nil)

\$ Maximum advance given to subsidiary M/s. Shriram Automall India Limited at anytime during the year : Rs. 713.22 lacs (March 31, 2014: Rs. 1,849.97 lacs)

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

Note 13- Other assets	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Unsecured, considered good</b>				
Fixed deposits with banks (Note 15)	290.80	-	0.50	-
Margin money deposit with banks (Note 15)	6,727.97	-	6,374.05	-
Interest accrued on investments	-	1,578.11	-	1,029.29
Interest accrued on fixed deposits with banks	58.14	3,210.49	372.08	5,302.51
Public issue expenses for non-convertible debentures	1,664.06	1,303.09	1,957.42	1,516.10
Issue expenses for equity shares	569.59	152.77	738.45	152.77
<b>Total</b>	<b>9,310.56</b>	<b>6,244.46</b>	<b>9,442.50</b>	<b>8,000.67</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**Note 14 - Current investments**

**(Rs. in lacs)**

	<b>Current investments</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>1</b>	Investment in government securities	499.32	-
<b>2 a)</b>	Investment in certificate of deposit with banks	220,792.81	203,561.74
<b>2 b)</b>	Investment in mutual fund	-	1.40
	Less : Aggregate provision for diminution in value of investments	-	(16.81)
		<b>221,292.13</b>	<b>203,546.33</b>

**(Rs. in lacs)**

	<b>Particulars</b>	<b>Face value</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
			<b>As at March 31, 2015</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2014</b>
	<b>Current portion of long term investments (valued at cost unless otherwise mentioned)</b>					
	<b>Quoted: Government Securities [Refer note 27]</b>					
	6.49% GOI loan 2015	100	500,000	499.32	-	-
	This security is redeemable on June 8, 2015 at par					
<b>a)</b>	<b>Current investments (At lower of cost and fair value)</b>					
	<b>Unquoted: Investment in Certificate of deposit with banks</b>					
	Allahabad Bank		-	-	20,000	19,587.42
	Andhra Bank		10,000	9,817.48	30,000	29,458.76
	(At cost less provision for diminution in value of Rs. Nil (March 31, 2014: Rs. 9.39 Lacs) )					
	Bank of Baroda		-	-	2,500	2,452.54
	(At cost less provision for diminution in value of Rs. Nil (March 31, 2014: Rs. 0.01 Lacs) )					
	Bank of Maharashtra		25,000	24,562.73	-	-
	Central Bank of India		-	-	10,000	9,896.90
	Corporation Bank		30,000	29,386.23	-	-
	Industrial Development Bank of India Limited		-	-	25,000	24,556.87
	(At cost less provision for diminution in value of Rs. Nil (March 31, 2014: Rs. 7.41 lacs) )					
	Indusind Bank Limited		-	-	10,000	9,797.95
	Jammu & Kashmir Bank		25,000	24,540.55	-	-
	Oriental Bank of Commerce		35,000	34,422.50	-	-
	Punjab & Sindh Bank		30,000	29,416.65	-	-
	South Indian Bank		-	-	30,000	29,330.27
	State Bank of Bikaner and Jaipur		25,000	24,496.16	-	-
	Syndicate Bank		25,000	24,568.65	20,000	19,670.98
	UCO Bank		20,000	19,581.86	30,000	29,301.33
	Union Bank of India		-	-	20,000	19,670.98
	Vijaya Bank		-	-	10,000	9,820.93

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

	<b>Particulars</b>	<b>Face value</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
			<b>As at March 31, 2015</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2014</b>
b)	<b>Quoted: Investment in Mutual Fund</b>					
	DWS Insta cash plus fund - direct plan - Growth (Redeemed during the year)	10	-	-	840.33	1.40
	<b>Total</b>			<b>221,292.13</b>		<b>203,546.33</b>
	<b>Aggregate Value of Quoted Investments</b>					
	Cost of acquisition			499.32		1.40
	Market value			498.04		1.40
	<b>Aggregate value of unquoted investments</b>					
	Cost of acquisition			220,792.81		203,544.93
	<b>Aggregate provision for diminution in value of investments</b>			-		16.81

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**(Rs. in lacs)**

Notes 15 - Cash and bank balances	As at March 31, 2015		As at March 31, 2014	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	165,145.63	-	184,449.84
Unpaid dividend accounts	-	821.59	-	773.96
Deposits with original maturity of less than three months	-	164,704.00	-	260,596.00
ii) Cheques on hand	-	7,367.11	-	1,976.67
iii) Cash on hand	-	10,794.43	-	13,587.88
iv) Call Money (CBLO)	-	-	-	69,882.53
	-	<b>348,832.76</b>	-	<b>531,266.88</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	290.80	9.22	0.50	290.80
Deposits with original maturity for more than 3 months but less than 12 months	-	6,582.59	-	31,878.40
Margin money deposit #	6,727.97	116,915.32	6,374.05	145,161.68
	<b>7,018.77</b>	<b>123,507.13</b>	<b>6,374.55</b>	<b>177,330.88</b>
<b>Amount disclosed under non-current assets [ Refer Note 13]</b>	<b>(7,018.77)</b>	<b>-</b>	<b>(6,374.55)</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>472,339.89</b>	<b>-</b>	<b>708,597.76</b>

# Includes deposits of Rs. 115,097.11 lacs (March 31, 2014 : Rs. 139,935.51 lacs) pledged with Banks as margin for credit enhancement, Rs. 8,106.35 lacs (March 31, 2014: Rs. 11,194.65 lacs) as margin for guarantees and Rs. 439.84 lacs (March 31, 2014: Rs. 405.57 lacs) pledged as lien against loans taken.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in lacs)

Note 16 - Revenue from operations	Year ended March 31, 2015	Year ended March 31, 2014
<b>Interest income on:-</b>		
- loan portfolio and related charges	726,549.70	583,812.47
- securitisation and direct assignment	21,132.89	85,372.36
- pass through certificates*	55,827.62	48,304.69
- margin money on securitisation/assignments	10,971.17	13,354.78
- deposits with banks	1,656.67	6,421.74
- long-term investments	4,675.73	2,725.87
- current investments	867.55	2,864.01
<b>Other financial services</b>		
Reversal of provision for credit loss on securitisation	2,148.31	11,475.54
Income from portfolio management services	1.68	85.67
Income from commission services	5,414.12	3,617.42
Bad debt recovery	473.08	474.08
Dividend on long-term investments [includes dividend from subsidiary Rs. 2.50 lacs (March 31, 2014: Rs. 2.50 lacs)]	2.75	3.00
Profit on sale of long-term investments (net)	-	134.40
Profit on sale of current investments (net)	33,973.46	29,363.67
<b>Total</b>	<b>863,694.73</b>	<b>788,009.70</b>

\* Includes Rs 7,033.92 lacs (March 31, 2014: Rs. 16,501.23 lacs) of income on pass through certificates where distribution tax has been deducted by the trustees as per section 115TA of Income Tax Act.

(Rs. in lacs)

Note 17 - Other income	Year ended March 31, 2015	Year ended March 31, 2014
Income from operating lease	10.14	10.14
Profit on sale of assets (net)	-	308.21
Miscellaneous income	767.58	497.86
<b>Total</b>	<b>777.72</b>	<b>816.21</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)		
Note 18 - Employee benefit expenses	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, other allowances and bonus	38,263.53	37,485.00
Gratuity expenses	639.30	207.03
Contribution to provident and other funds	2,639.32	2,079.94
Expense on Employee Stock Option Scheme	-	0.90
Staff welfare expenses	1,416.71	1,113.10
<b>Total</b>	<b>42,958.86</b>	<b>40,885.97</b>

(Rs. in lacs)		
Note 19 - Finance cost	Year ended March 31, 2015	Year ended March 31, 2014
<b>Interest expense</b>		
Debtentures	174,222.09	157,834.99
Subordinated debts	47,699.21	49,898.36
Fixed deposits	41,603.99	18,404.23
Loans from banks	145,429.78	126,487.99
Loans from institutions and others	11,296.28	9,939.64
Commercial paper	623.41	1,647.01
<b>Other borrowing costs</b>		
Professional charges-resource mobilisation	9,414.93	9,239.80
Processing charges on loans	857.88	1,045.75
Brokerage	6,088.93	12,270.88
Sourcing fees	-	716.59
Service charges	-	4,299.56
Amortisation of public issue expenses for non-convertible debtentures	1,761.70	1,467.06
<b>Total</b>	<b>438,998.20</b>	<b>393,251.86</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

<b>Note 20 -Other expenses</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Rent	7,869.58	7,370.68
Electricity expenses	1,175.06	930.76
Repairs & maintenance		
- Buildings	-	0.29
- Others	634.37	890.26
Rates & taxes	37.81	168.27
Printing & stationery	1,354.51	1,350.57
Travelling & conveyance	10,543.73	10,442.15
Advertisement	315.21	156.27
Business promotion	8,750.19	2,350.07
Royalty	5,892.34	2,093.94
Directors' sitting fees	10.16	10.93
Insurance	41.30	39.43
Communication expenses	4,166.09	4,074.20
Payment to auditor [ Refer Note 31]		
As Auditor:		
- Audit fees	135.38	122.64
- Tax audit fees	7.43	6.90
- Out of pocket	6.85	4.60
In any other manner:		
- Certification	2.34	2.34
Bank charges	3,050.09	3,049.29
Processing charges on securitisation	-	5.31
Professional charges on securitisation	3,170.41	5,709.05
Legal & professional charges	3,464.29	2,724.68
Donations	617.72	477.25
Loss on sale of fixed assets (net)	35.75	-
Issue expenses for equity shares	152.78	152.78
Service charges	4,528.64	3,937.95
CSR expenses	73.89	135.95
Miscellaneous expenses	9,274.77	7,883.78
<b>Total</b>	<b>65,310.69</b>	<b>54,090.34</b>

(Rs. in lacs)

<b>Note 21 - Provisions and write offs</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Provision for non performing assets	35,385.68	34,062.10
Provision for standard assets [ Refer note (f) of note 2.1]	2,980.95	1,261.43
Provision for diminution in value of investments	-	16.81
Bad debts written off	90,548.64	79,539.35
<b>Total</b>	<b>128,915.27</b>	<b>114,879.69</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**22 Earnings per share**

<b>Particulars</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Net Profit after tax as per statement of profit and loss (Rs. in lacs) <b>(A)</b>	123,780.98	126,420.77
Weighted average number of equity shares for calculating basic EPS (in lacs) <b>(B)</b>	2,268.83	2,268.76
Weighted average number of equity shares for calculating diluted EPS (in lacs) <b>(C)</b>	2,268.83	2,268.76
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) <b>(A) / (B)</b>	54.56	55.72
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) <b>(A) / (C)</b>	54.56	55.72

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**23 Gratuity and other post-employment benefit plans:**

The Company has an defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The Company funded Rs. 307.86 lacs during the financial year 2014-15 and Rs. 1,849.88 lacs during the financial year 2013-14.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

**Statement of profit and loss**

Net employee benefit expense (recognized in employee cost)

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	310.19	309.42
Interest cost on benefit obligation	181.73	140.81
Expected return on plan assets	(165.01)	Nil
Net actuarial (gain) / loss recognised in the year	(47.77)	(243.20)
Past service cost	Nil	Nil
<b>Net benefit expense*</b>	<b>279.14</b>	<b>207.03</b>
Actual return on plan assets	218.29	46.75

\* Gratuity expense as per Note 18 of statement of profit and loss for the year ended March 31, 2015 includes gratuity paid to trust on account of relieved employees Rs. 336.43 lacs, gratuity provision on account of relieved employees Rs. 12.29 lacs and gratuity transferred to/from other companies Rs. 11.44 lacs.

**Balance sheet**

Benefit asset/(liability)

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	2,439.01	1,941.59
Fair value of plan assets	2,422.78	1,896.63
Surplus/(deficit)	(16.23)	(44.96)
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability)*</b>	<b>(16.23)</b>	<b>(44.96)</b>

\*Gratuity liability for the year ended March 31, 2015 disclosed under Note 7 - Provisions includes gratuity provision on account of relieved employees Rs. 12.29 lacs.

**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Opening defined benefit obligation	1,941.59	1,760.07
Interest cost	181.73	140.81
Current service cost	310.19	309.42
Benefits paid	Nil	(72.26)
Actuarial (gains) / losses on obligation	5.50	(196.45)
<b>Closing defined benefit obligation</b>	<b>2,439.01</b>	<b>1,941.59</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**  
**Changes in the fair value of the plan assets are as follows:**

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Opening fair value of plan assets	1,896.63	Nil
Expected return	165.01	Nil
Contributions by employer	307.86	1,849.88
Benefits paid	Nil	Nil
Actuarial (gains) / losses	53.28	46.75
<b>Closing fair value of plan assets</b>	<b>2,422.78</b>	<b>1,896.63</b>

The Company expects to contribute Rs. 344.74 lacs to gratuity in the next year.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
	%	%
Investments with insurer	100	100

**The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:**

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Discount rate	7.95%	9.36%
Expected rate of return on assets	7.95%	8.70%
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	5% and 15%	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*5% in case of employees with service period of more than 5 years and 15% for all other employees.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**Amounts for the current period and previous four years are as follows:** (Rs. in lacs)

Particulars	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	2,439.01	1,941.59	1,760.07	1,364.76	903.67
Plan assets	2,422.78	1,896.63	NA	NA	NA
Surplus / (deficit)	(16.23)	(44.96)	(1,760.07)	(1,364.76)	(903.67)
Experience adjustments on plan liabilities (gains)/losses	(263.30)	56.98	72.75	338.86	74.98
Experience adjustments on plan assets (losses)/gains	53.28	46.75	NA	NA	NA

**24 Segment information**

The Company operates in a single reportable segment that is financing, which has similar risks and returns for the purpose of AS-17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Company operates in a single geographical segment i.e. domestic.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**25 Employee Stock Option Plan**

	<b>Series III</b>	<b>Series VI</b>
Date of grant	9-Oct-06	13-May-09
Date of Board/committee Approval	6-Sep-06	13-May-09
Date of Shareholder's approval	13-Oct-05	13-Oct-05
Number of options granted	910,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity
Graded Vesting Period		
After 1 year of grant date	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.	

The Serieswise details have been summarized below:

**March 31, 2015**

	<b>Series III</b>	<b>Series VI</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Outstanding at the beginning of the period (Number of Shares)	-	-
Weighted average remaining contractual life (in years)	-	-
Weighted average fair value of options granted	74.85	201.45
Weighted average Exercise Price(Rs.)	35.00	35.00

**March 31, 2014**

<b>Particulars</b>	<b>Series III</b>	<b>Series VI</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Outstanding at the beginning of the period (Number of Shares)	4,000	14,800
Add: Granted during the period (Number of Shares)	-	-
Less: Forfeited during the period (Number of Shares)	-	-
Less: Exercised during the period (Number of Shares)	4,000	14,800
Less: Expired during the period (Number of Shares)	-	-
Outstanding at the end of the period (Number of Shares)	-	-
Exercisable at the end of the period (Number of Shares)	-	-
Weighted average remaining contractual life (in years)	-	-
Weighted average fair value of options granted	74.85	201.45
Weighted Average Exercise Price(Rs.)	35.00	35.00

The weighted average share price for the period over which stock options were exercised was Rs. Nil (March 31, 2014: Rs. 650.99).

The details of exercise price for stock options outstanding at the end of the year are:

There are no stock options outstanding as at March 31, 2015 and March 31, 2014.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

	<b>Rs. in lacs)</b>	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	-	0.90
Liability for employee stock options outstanding as at year end	-	-
Deferred compensation cost	-	-

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Profit as reported (Rs. in lacs)	123,780.98	126,420.77
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	-	0.90
Less: Employee stock compensation under fair value method (Rs. in lacs)	-	0.86
Proforma profit (Rs. in lacs)	123,780.98	126,420.81
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	54.56	55.72
- Proforma	54.56	55.72
<b>Diluted (Rs.)</b>		
- As reported	54.56	55.72
- Proforma	54.56	55.72
Nominal Value	Rs. 10.00	Rs. 10.00

**26 Leases**

**In case of assets taken on lease**

The Company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 7,869.58 lacs (March 31, 2014: Rs. 7,370.68 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 6 to 144 months. There are no restrictions imposed by lease arrangements.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

	<b>(Rs. in lacs)</b>	
<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b><u>Minimum lease payments:</u></b>		
Not later than one year	2,005.21	929.23
Later than one year but not later than five years	3,762.66	1,519.86
Later than five years	1,629.73	453.84

## **Shriram Transport Finance Company Limited**

### **Notes forming part of the financial statements for the year ended March 31, 2015**

- 27 In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 76,576.00 lacs (March 31, 2014: Rs. 34,076.00 lacs) in favour of trustees representing the public deposit holders of the Company.

## **28 Related party disclosure**

### **Related party where control exists**

Subsidiary : Shriram Equipment Finance Company Limited. (SEFCL)  
Shriram Automall India Limited ( SAIL)  
Shriram Insurance Broking Company Limited (SIBCL) (upto December 13, 2013)

### **Other related parties**

Enterprises having significant influence over the Company : Shriram Capital Limited  
Newbridge India Investments II Limited (upto May 10, 2013)  
Shriram Ownership Trust  
Shriram Financial Ventures (Chennai) Private Limited.

Enterprises over which Key Management Personnel has significant influence

: Shriram Seva Sankalp Foundation (from March 13, 2015)

Associates : Shriram Asset Management Company Limited (upto June 18, 2013)

Related parties as per AS 18 with whom transactions have taken place during the year

Key Management Personnel : Mr. Umesh Revankar, Managing Director

Relatives of Key Management Personnel

: Mrs. Suchita U. Revankar (spouse of Managing Director)  
Master Shirish U. Revankar (son of Managing Director)  
Master Shreyas U. Revankar (son of Managing Director)  
Mrs. Geeta G. Revankar (mother of Managing Director)

Related parties as per the Companies Act, 2013 with whom transactions have taken place during the year

Key Management Personnel : Mr. Vivek Achwal, Company Secretary  
: Mr. Parag Sharma, Chief Financial Officer

Relatives of Key Management Personnel

: Mrs. Ranjana Achwal (spouse of Company Secretary )  
Mr. Anish Achwal (son of Company Secretary)  
Mrs. Shelly Sharma (spouse of Chief Financial Officer)  
Ms. Atibhi Sharma (daughter of Chief Financial Officer)  
Mr. Amit Sharma (brother of Chief Financial Officer)  
Mrs. Rama Sharma (mother of Chief Financial Officer)  
Mr. Madan Mohan Sharma (father of Chief Financial Officer)

Shriram Transport Finance Company Limited

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Subsidiaries		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Payments/Expenses</b>														
Employee Benefits for Key Management Personnel \$	-	-	-	-	-	-	-	-	109.23	100.69	-	-	109.23	100.69
Royalty paid to Shriram Ownership Trust	5,892.34	2,093.94	-	-	-	-	-	-	-	-	-	-	5,892.34	2,093.94
Data sourcing fees paid to Shriram Ownership Trust	-	716.59	-	-	-	-	-	-	-	-	-	-	-	716.59
Service charges paid to Shriram Ownership Trust	-	4,299.56	-	-	-	-	-	-	-	-	-	-	-	4,299.56
Service charges paid to Shriram Capital Limited	4,528.64	3,937.95	-	-	-	-	-	-	-	-	-	-	4,528.64	3,937.95
Equity dividend paid Ω	-	-	-	-	-	-	-	-	6.23	6.10	-	-	6.23	6.10
Capital Limited	4,728.25	4,104.08	-	-	-	-	-	-	-	-	-	-	4,728.25	4,104.08
Car hire charges	-	-	-	-	-	-	-	-	-	-	5.01	4.97	5.01	4.97
Non-convertible debenture matured Ω	-	-	-	-	-	-	-	-	-	-	23.08	2.01	23.08	2.01
Fixed deposit matured Ω	-	-	-	-	-	-	-	-	-	-	1.10	1.02	1.10	1.02
Interest on fixed deposit	-	-	-	-	-	-	-	-	-	-	2.07	0.54	2.07	0.54
Interest on subordinated debt	12.03	-	-	-	-	-	17.50	-	-	-	0.14	0.07	12.17	17.57
Interest on non-convertible debenture	0.54	-	-	-	-	-	0.12	-	0.35	0.22	3.50	4.37	4.39	4.71
Investment in equity share of Shriram Seva Sankalp Foundation	-	-	1.80	-	-	-	-	-	-	-	-	-	1.80	-

Shriram Transport Finance Company Limited

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Subsidiaries		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Payments/Expenses</b>														
Rent paid	-	-	-	-	-	-	-	0.39	-	-	-	-	-	0.39
- Shriram Automall India Limited	-	-	-	-	529.93	383.87	-	-	-	-	-	-	529.93	383.87
- Shriram Capital Limited	95.29	20.55	-	-	-	-	-	-	-	-	-	-	95.29	20.55
Interest paid on unsecured loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	156.86	-	-	-	-	-	-	-	156.86
- Shriram Equipment Finance Company Limited	-	-	-	-	88.39	-	-	-	-	-	-	-	88.39	-
Business mobilisation expenses paid to Shriram Automall India Limited	-	-	-	-	246.81	147.43	-	-	-	-	-	-	246.81	147.43
Other administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Shriram Insurance Broking Company Limited	-	-	-	-	-	0.02	-	-	-	-	-	-	-	0.02
- Shriram Capital Limited	31.89	5.11	-	-	-	-	-	-	-	-	-	-	31.89	5.11
- Shriram Automall India Limited	-	-	-	-	28.87	8.59	-	-	-	-	-	-	28.87	8.59
Branch opening expenses paid to Shriram Automall India Limited	-	-	-	-	54.81	11.22	-	-	-	-	-	-	54.81	11.22
Service contract paid to Shriram Automall India Limited	-	-	-	-	11.42	46.54	-	-	-	-	-	-	11.42	46.54
Unsecured loan given to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	504.08	-	-	-	-	-	-	-	504.08
- Shriram Equipment Finance Company limited	-	-	-	-	-	16,423.58	-	-	-	-	-	-	-	16,423.58
Inter corporate deposit paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	-	2,375.00	-	-	-	-	-	-	-	2,375.00

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Subsidiaries		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2014
<b>Receipts/Income</b>														
Recovery of common sharing expenses														
- Shriram Automall India Limited	-	-	-	133.57	77.97	133.57	-	-	-	-	-	77.97	-	133.57
- Shriram Equipment Finance Company Limited	-	-	-	282.84	469.64	282.84	-	-	-	-	-	469.64	-	282.84
Unsecured loan and advances repaid by μ														
- Shriram Insurance Broking Company Limited	-	-	-	0.15	-	0.15	-	-	-	-	-	-	-	0.15
- Shriram Automall India Limited	-	-	-	1,722.33	-	1,722.33	-	-	-	-	-	-	-	1,722.33
- Shriram Equipment Finance Company Limited	-	-	-	2,096.40	14,152.06	2,096.40	-	-	-	-	-	14,152.06	-	2,096.40
Unsecured loan and advances received from μ														
- Shriram Automall India Limited	-	-	-	1,400.00	3.85	1,400.00	-	-	-	-	-	3.85	-	1,400.00
- Shriram Equipment Finance Company Limited	-	-	-	-	773.36	-	-	-	-	-	-	773.36	-	-
Interest received on unsecured loan														
- Shriram Equipment Finance Company Limited	-	-	-	1,854.47	723.91	1,854.47	-	-	-	-	-	723.91	-	1,854.47
Recovery of rent & electricity														
- Shriram Capital Limited	13.44	11.32	-	-	-	-	-	-	-	-	-	13.44	-	11.32
- Shriram Automall India Limited	-	-	-	90.29	134.45	90.29	-	-	-	-	-	134.45	-	90.29
- Shriram Asset Management Company Limited	-	-	-	-	-	-	1.16	-	-	-	-	-	-	1.16



**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Subsidiaries		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2015	March 31, 2014
Unsecured loan and advances recoverable from subsidiary Companies														
- Shriram Equipment Finance Company Limited	-	-	-	-	-	14,152.06	-	-	-	-	-	-	-	14,152.06
- Shriram Automall India Limited	-	-	-	-	22.25	-	-	-	-	-	-	-	22.25	-
Unsecured loan and advances payable to Subsidiary Companies														
- Shriram Automall India Limited	-	-	-	-	-	632.74	-	-	-	-	-	-	-	632.74
- Shriram Equipment Finance Company Limited	-	-	-	-	773.36	-	-	-	-	-	-	-	773.36	-
Interest receivable on unsecured Loan														
- Shriram Equipment Finance Company Limited	-	-	-	-	-	189.96	-	-	-	-	-	-	-	189.96
Interest payable on unsecured loan														
- Shriram Equipment Finance Company Limited	-	-	-	-	8.15	-	-	-	-	-	-	-	8.15	-
Expenses recoverable														
- Shriram Equipment Finance Company Limited	-	-	-	-	99.80	53.38	-	-	-	-	-	-	99.80	53.38
- Shriram Automall India Limited	-	-	-	-	-	11.87	-	-	-	-	-	-	-	11.87
Non-convertible debenture	5.00	-	-	-	-	-	-	-	3.00	3.00	14.33	37.41	22.33	40.41
Interest payable on non-convertible debenture	-	-	-	-	-	-	-	-	0.57	0.22	1.31	7.43	1.88	7.65
Receivable from Shriram Capital Limited	4.12	0.78	-	-	-	-	-	-	-	-	-	-	4.12	0.78

Shriram Transport Finance Company Limited

Notes forming part of the financial statements for the year ended March 31, 2015

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the Company		Enterprises over which Key Management Personnel has significant influence		Subsidiaries		Associates		Key Management Personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2015	March 31, 2014
Outstanding expenses														
-Shriram Capital Limited	13.69	3.65	-	-	-	-	-	-	-	-	-	-	13.69	3.65
-Shriram Ownership Trust	180.35	195.49	-	-	-	-	-	-	-	-	-	-	180.35	195.49
Fixed deposit	-	-	-	-	-	-	-	-	-	-	36.98	6.19	36.98	6.19
Interest payable on fixed deposit	-	-	-	-	-	-	-	-	-	-	2.53	0.56	2.53	0.56
Subordinated debt	268.03	-	-	-	-	-	-	-	-	-	1.10	1.10	269.13	1.10
Interest payable on subordinated debt	25.24	-	-	-	-	-	-	-	-	-	0.32	0.18	25.56	0.18
Guarantee given by Company														
- Shriram Equipment Finance Company Limited	-	-	-	-	100.00	100.00	-	-	-	-	-	-	-	-
- Shriram Automall India Limited	-	-	-	-	200.00	200.00	-	-	-	-	-	-	-	-
Ω Denotes payments														
μ Denotes receipts														
\$ As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above.														

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

<b>29</b>	<b>Contingent Liabilities not provided for</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a.	In respect of Income tax demands where the Company has filed appeal before CIT(Appeals)	36,900.27	52,678.52
b.	VAT demand where the Company has filed appeal before Tribunal	4,769.50	2,532.82
c.	Service tax liability pertaining to HP/Lease	12,824.07	12,824.07
d.	Guarantees and counter guarantees	119,798.42	237,503.49
e.	Guarantees given for subsidiaries	300.00	300.00

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

The Company has received show cause notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct Assignments for the period 2008-09 to 2012-13, the same are contested by the Company.

(Rs. in lacs)

	<b>Disputed income tax demand are on account of</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a.	Transfer to statutory reserve and Securitisation and royalty	5,594.44	44,608.17
b.	Provision for NPA	19,405.52	7,457.95
c.	Disallowance of ESOP expenses, 14A, derivatives etc.	1,095.53	612.40
d.	Interest as per assessment orders, etc	10,804.78	-
	<b>Total</b>	<b>36,900.27</b>	<b>52,678.52</b>

(Rs. in lacs)

	<b>Commitments not provided for</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
a.	Estimated amount of contracts remaining to be executed on capital account	541.43	191.76
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	809.83	1,046.96
c.	Commitments related to loans sanctioned but undrawn	847.46	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

<b>30</b>	Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:		
	<b>(Rs. in lacs)</b>		
	<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
	The principal amount remaining unpaid to supplier as at the end of the year	-	-
	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006			
<b>31</b>	In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of Rs. 60.61 lacs (March 31, 2014: Rs. 120.62 lacs) [including out of pocket expenses of Rs. 1.06 lacs (March 31, 2014: Rs. 1.52 lacs)] have been amortised as per note 13 and shown under other assets.		

<b>32</b>	<b>Expenditure in foreign currency (accrual basis)</b>		<b>(Rs. in lacs)</b>
	<b>Particulars</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
	Rating fees	-	43.90
	Computer software	-	7.33
	Computer charges	1.94	-
	Membership Fees	0.16	-
	<b>Total</b>	<b>2.10</b>	<b>51.23</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**33 Disclosure of restructured accounts**

Sr. No.	Type of restructuring	Others												
		Financial year			Year ended March 31, 2015			Year ended March 31, 2014			Total			
		Asset classification	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total		
1	Restructured accounts as on April 1	No. of borrowers	-	2,188	-	-	2,188	-	-	-	-	181	-	181
		Amount outstanding	-	6,686.57	-	-	6,686.57	-	-	-	-	652.90	-	652.90
		Provision thereon	-	911.07	-	-	911.07	-	-	-	-	43.54	-	43.54
2	Fresh restructuring during the year	No. of borrowers	-	4,357	-	-	4,357	-	-	-	-	2,007	-	2,007
		Amount outstanding	-	11,390.11	-	-	11,390.11	-	-	-	-	6,942.48	-	6,942.48
		Provision thereon	-	2,258.08	-	-	2,258.08	-	-	-	-	916.46	-	916.46
3	Upgradation	No. of borrowers	1,345	(1,345)	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	5,031.79	(5,031.79)	-	-	-	-	-	-	-	-	-	-
		Provision thereon	505.67	(505.67)	-	-	-	-	-	-	-	-	-	-
		No. of borrowers	(1,345)	-	-	-	(1,345)	-	-	-	-	-	-	-
		Amount outstanding	(5,031.79)	-	-	-	(5,031.79)	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	Provision thereon	(505.67)	-	-	-	(505.67)	-	-	-	-	-	-	-
5	Downgradation of restructured accounts during the year	No. of borrowers	-	(1)	-	-	(1)	-	-	-	-	-	-	-
		Amount outstanding	-	(0.26)	-	-	(0.26)	-	-	-	-	-	-	-
		Provision thereon	-	(0.03)	-	-	(0.03)	-	-	-	-	-	-	-
6	Write offs of restructured accounts during the year	No. of borrowers	-	(917)	-	-	(918)	-	-	-	-	-	-	-
		Amount outstanding	-	(2,158.05)	-	-	(2,158.05)	-	-	-	-	(908.81)	-	(908.81)
		Provision thereon	-	(173.18)	-	-	(173.21)	-	-	-	-	(48.93)	-	(48.93)
		No. of borrowers	-	4,282	-	-	4,282	-	-	-	-	2,188	-	2,188
		Amount outstanding	-	10,886.58	-	-	10,886.58	-	-	-	-	6,686.57	-	6,686.57
		Provision thereon	-	2,490.27	-	-	2,490.27	-	-	-	-	911.07	-	911.07

The outstanding amount and number of borrowers as at March 31, 2015 and March 31, 2014 is after considering recoveries during the year.

There have been no upgradations of restructured advances during the year ended March 31, 2014.

Additional facilities availed by borrowers in existing restructured accounts are disclosed under "Fresh restructuring during the year" and partial repayments in existing restructured accounts are disclosed under "Write-offs of restructured accounts", however, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.

For the purpose of arithmetical accuracy as required by RBI circular no DNBS (PD) CC No. 380/03.02.001/ 2014-15 movement in provisions in the existing restructured account as compared to opening balance is disclosed under column fresh restructuring (for increase in provision) and write-off/sale/recovery (for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**Additional disclosures required By Reserve Bank Of India**

**34 Credit Rating**

<b>Instruments</b>	<b>Credit Rating Agency</b>	<b>As on March 31, 2015</b>	<b>As on March 31, 2014</b>
Bank Loan Long term	CRISIL	CRISIL AA/ Positive	CRISIL AA/ Stable
Bank Loan Short term	CRISIL	CRISIL A1+	CRISIL A1+
Fixed deposit	CRISIL	CRISIL FAA+/Positive	CRISIL FAA+/Stable
Fixed deposit	ICRA	MAA+ with Stable outlook	MAA+ with Stable outlook
Non-convertible debentures	CARE	CARE AA+	CARE AA+
Non-convertible debentures-Public	CRISIL	CRISIL AA/ Positive	CRISIL AA/Stable
Non-convertible debentures-Public	India Ratings & Research Private Limited (Formerly known as "FITCH")	IND AA+/Stable Outlook	IND AA/Stable Outlook
Short term debt	CRISIL	CRISIL A1+	CRISIL A1+
Subordinate debt	CARE	CARE AA+	CARE AA+
Subordinate debt	India Ratings & Research Private Limited (Formerly known as FITCH")	IND AA+/Stable Outlook	IND AA/Stable Outlook
Subordinate debts	CRISIL	CRISIL AA/Positive	CRISIL AA/Stable

**35 Capital**

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
i) CRAR (%)	20.52	23.37
ii) CRAR - Tier I Capital (%)	16.40	17.69
iii) CRAR - Tier II Capital (%)	4.12	5.68
iv) Amount of subordinated debt raised as Tier-II capital*	396,304.41	441,746.13
v) Amount raised by issue of Perpetual Debt Instruments	-	-

**\* Note:**

Discounted value of Rs. 250,538.17 lacs (March 31, 2014: Rs. 295,684.36 lacs) considered for Tier II capital against the book value is Rs. 396,304.41 lacs (March 31, 2014: Rs. 441,746.13 lacs).

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**36 Investments**

(Rs. in lacs)

Particulars		As at March 31, 2015	As at March 31, 2014
<b>(1)</b>	<b>Value of Investments</b>		
	(i) Gross Value of Investments		
	(a) In India	332,743.62	272,568.13
	(b) Outside India,	-	-
	(ii) Provisions for Depreciation		
	(a) In India	25.00	41.81
	(b) Outside India,	-	-
	(iii) Net Value of Investments		
	(a) In India	332,718.62	272,526.32
	(b) Outside India,	-	-
<b>(2)</b>	<b>Movement of provisions held towards depreciation on investments.</b>		
	(i) Opening balance	41.81	167.50
	(ii) Add : Provisions made during the year	-	16.81
	(iii) Less : Write-off/ write-back of excess provisions during the year	16.81	142.50
	(iv) Closing balance	25.00	41.81

**37 Derivatives**

**37.1** There are no forward rate agreement/ interest rate swap as on March 31, 2015 and as on March 31, 2014.

**37.2** There are no exchange traded interest rate (IR) derivatives as on March 31, 2015.

**37.3** Quantitative disclosures on currency and interest rate derivatives are not applicable.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**38 Disclosures relating to Securitisation**

**38.1 The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:**

		(Rs. in lacs)	
Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	No of SPVs sponsored by the NBFC for securitisation transactions* (in No. )	44	48
2	Total amount of securitised assets as per books of the SPVs sponsored	916,559.38	1,226,692.65
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	(a) Off-balance sheet exposures		
	First loss	282.25	751.25
	Others	-	-
	(b) On-balance sheet exposures		
	First loss	97,512.02	80,349.45
	Others	44,761.53	56,347.80
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	100,438.85	96,464.92
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	376.37	11,664.54
	Others	17,208.72	27,307.99
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:**

**(Rs. in lacs)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
1	No. of transactions assigned by the Company	16	55
2	Total amount outstanding	116,735.73	423,228.38
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
	(a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	First loss	-	-
	Others	12,716.68	23,841.58
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	1,359.00	26,909.41
	Loss	3,083.00	97,287.54
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On - Balance Sheet Exposures		
	(i) Exposure to own securitisations		
	First loss	-	19,737.27
	Others	-	575.61
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below:**

**(Rs. in lacs)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
1	No. of transactions assigned by the Company	-	6
2	Total amount outstanding	-	4,358.10
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
	(a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	4,222.20
	Loss	-	1,831.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On - Balance Sheet Exposures		
	(i) Exposure to own securitisations		
	First loss	-	1,754.36
	Others	-	303.45
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**38.2 No financial assets are sold to securitisation / reconstruction company for asset reconstruction as on March 31, 2015 and March 31, 2014.**

**38.3 Details of Assignment transactions undertaken by NBFCs**

**(Rs. in lacs)**

<b>Particulars</b>		<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
i)	No. of accounts	27,096	87,153
ii)	Aggregate value (net of provisions) of accounts sold	44,160.81	262,319.32
iii)	Aggregate consideration *	44,708.56	270,107.90
iv)	Additional consideration realized in respect of accounts transferred in earlier years	17,071.19	62,883.60
v)	Aggregate gain / loss over net book value	17,618.94	70,672.18

\* Includes income on securitisation realised in respect of accounts transferred in current year.

**38.4 The Company has not purchased / sold non-performing assets for the year ended March 31, 2015 and March 31, 2014.**

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

39

**Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at March 31, 2015** (Rs. in lacs)

	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	7,518.94	4,445.92	4,971.40	22,366.56	37,971.99	444,546.38	43,895.14	-	565,716.34
Advances	342,820.34	161,510.18	161,654.62	440,781.09	829,183.16	2,328,398.99	562,295.73	1,631.02	4,828,275.13
Investments	220,792.81	-	499.32	-	-	398.27	7,238.25	103,789.97	332,718.62
Borrowings	80,501.60	30,590.69	137,725.66	385,572.39	467,510.28	1,623,918.23	623,468.64	542,320.71	3,891,608.19
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2015**

**40 Exposure to Real Estate Sector**

The Company has no exposure to real estate sector as on March 31, 2015 and as on March 31, 2014.

**41 Exposure to Capital Market**

(Rs. in lacs)

Particulars		As at March 31, 2015	As at March 31, 2014
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	4,242.20	4,240.00
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	65,000.00	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	1,655.64	1,453.04
<b>Total Exposure to Capital Market</b>		<b>70,897.84</b>	<b>5,693.04</b>

**42 Additional Disclosures**

**42.1 Provisions and Contingencies**

(Rs. in lacs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31, 2015	Year ended March 31, 2014
Provisions for depreciation on Investment	-	16.81
Provision towards NPA	35,385.68	34,062.10
Provision made towards Income tax	60,457.83	56,383.49
Other Provision and Contingencies (with details)		
Provision for Leave encashment	809.31	740.54
Provision for gratuity	174.63	214.77
Provision for value added tax	865.31	-
Provision made towards service tax contested	-	15.81
Provision for Standard Assets	2,980.95	1,261.43

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2015****42.2 Draw down reserve**

During the year ended March 31, 2015, the draw down from reserves was Rs. Nil.

**43 Concentration of Deposits, Advances, Exposures and NPAs****43.1 Concentration of Deposits (for deposit taking NBFCs)**

<b>(Rs. in lacs)</b>	
<b>As at March 31, 2015</b>	
Total Deposits of twenty largest depositors	12,893.01
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	2.28%

**43.2 Concentration of Advances**

<b>(Rs. in lacs)</b>	
<b>As at March 31, 2015</b>	
Total Advances to twenty largest borrowers *	77,854.03
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC *	1.58%

\* Excludes retained interest on securitisation Rs. 57,478.21 lacs

**43.3 Concentration of Exposures**

<b>(Rs. in lacs)</b>	
<b>As at March 31, 2015</b>	
Total Exposure to twenty largest borrowers / customers *	77,854.03
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers *	1.58%

\* Excludes retained interest on securitisation Rs. 57,478.21 lacs

**43.4 Concentration of NPAs**

<b>(Rs. in lacs)</b>	
<b>As at March 31, 2015</b>	
<b>Particulars</b>	
Total Exposure to top four NPA accounts	1,836.98

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**43.5 Sector-wise NPAs \***

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME	-
3	Corporate borrowers	-
4	Services	-
5	Unsecured working capital loans	11.45%
6	Auto loans	3.71%
7	Others	-

\* The loans mentioned above include loans given to corporates.

**44 Movement of NPAs**

Particulars		(Rs. in lacs)	
		Year ended March 31, 2015	Year ended March 31, 2014
<b>(i)</b>	<b>Net NPAs to Net Advances (%)</b>	0.79%	0.84%
<b>(ii)</b>	<b>Movement of NPAs (Gross)</b>		
(a)	Opening balance	145,050.35	98,204.53
(b)	Additions during the year	240,554.13	206,828.18
(c)	Reductions during the year	196,190.58	159,982.36
<b>(d)</b>	<b>Closing balance</b>	<b>189,413.90</b>	<b>145,050.35</b>
<b>(iii)</b>	<b>Movement of Net NPAs</b>		
(a)	Opening balance	30,291.24	18,431.98
(b)	Additions during the year	118,984.03	108,115.13
(c)	Reductions during the year	111,363.21	96,255.87
<b>(d)</b>	<b>Closing balance</b>	<b>37,912.06</b>	<b>30,291.24</b>
<b>(iv)</b>	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
(a)	Opening balance	114,759.11	79,772.55
(b)	Provisions made during the year	121,570.10	98,713.05
(c)	Write-off / write-back of excess provisions	84,827.37	63,726.49
<b>(d)</b>	<b>Closing balance</b>	<b>151,501.84</b>	<b>114,759.11</b>

**45 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

The Company does not have any joint venture or subsidiary abroad, hence not applicable.

**Off-balance Sheet SPVs sponsored**

The Company has not sponsored any off-balance sheet SPV.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**46 Customer Complaints**

		<b>Year ended March 31, 2015</b>
(a)	No. of complaints pending at the beginning of the year	230
(b)	No. of complaints received during the year*	4,706
(c)	No. of complaints redressed during the year	4,623
(d)	No. of complaints pending at the end of the year	313

\*The complainant has filed the complaint with SEBI SCORES to Company as well as Registrar M/s. Integrated Enterprises (India) Limited under NCD VII. Hence, the said complaint will be treated as a single complaint.

**47 Penalties:**

During the year ended March 31, 2015, no penalties have been levied by any regulator on the Company.

**48 Previous year comparatives**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year's presentation.

As per our report of even date

For **S.R.BATLIBOI & Co.**  
**LLP**  
 ICAI Firm Registration No.  
 301003E  
 Chartered Accountants

For **G. D. Apte & Co.**  
 ICAI Firm Registration No.  
 100515W  
 Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Shrawan Jalan**  
 Partner  
 Membership No. 102102

**Ameya D. Tambekar**  
 Partner  
 Membership No. 128355

**S. Lakshminarayanan**  
 Chairman  
 DIN: 02808698

**Umesh Revankar**  
 Managing Director  
 DIN: 00141189

Mumbai  
 April 30, 2015

**Parag Sharma**  
 Chief Financial Officer

**Vivek M. Achwal**  
 Company Secretary

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**

(Rs. in lacs)

	Particulars	As at March 31, 2015		
		Amount outstanding	Amount overdue	
(1)	<b>Liabilities side :</b>			
	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>			
	(a) Debenture : Secured	1,874,775.58	5,566.28	#
	: Unsecured (other than falling within the meaning of public deposits*)	2,872.07	NIL	
	(b) Deferred Credits	NIL	NIL	
	(c) Term Loans	1,698,948.95	NIL	
	(d) Inter-corporate loans and borrowing	NIL	NIL	
	(e) Commercial Paper	NIL	NIL	
	(f) Public Deposits* @	557,673.70	3,693.40	#
	(g) Other Loans - Subordinate Debts	437,379.05	1,855.92	#
	- Cash Credit	17,092.93	NIL	
	- Corporate Loan	NIL	NIL	
	-Unsecured loan from subsidiary	773.36	NIL	
	-Deposits from corporates	8,042.64	25.13	
@ excludes deposits from corporates *Please see Note 1 below				
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>	
(a) In the form of Unsecured debentures	NIL	NIL		
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	NIL	NIL		
(c) Other public deposits	557,673.70	3,693.40		
*Please see Note 1 below # Represent amounts unclaimed				
	<b>Assets side :</b>	<b>Amount outstanding</b>		
(3)	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>			
(a) Secured			65,129.46	
(b) Unsecured			93,220.94	

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

(4)	Break up of Leased Assets and stock on hire counting towards AFC activities	Amount outstanding
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	NIL
	(b) Operating lease	NIL
	(ii) Stock on hire including hire charges under sundry debtors :	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC Activities :	
	(a) Loans where assets have been repossessed	22,976.41
	(b) Loans other than (a) above	4,740,935.90

(Rs. in lacs)

(5)	Break-up of Investments :	Amount outstanding
	<b>Current Investments :</b>	
	<b>1. Quoted :</b>	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debenture and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	499.32
	(v) Others (Please specify)	NIL
	<b>2. Unquoted :</b>	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others: (a) Certificate of Deposits	220,792.80
	(b) Debentures	NIL
	(c) Mutual Funds	NIL
	Long Term investments :	
	<b>1. Quoted :</b>	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	200.00
	(iv) Government Securities	75,333.42
	(v) Others (Please specify)	NIL

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

(Rs. in lacs)

(5)	Break-up of Investments :	Amount outstanding
	<b>2. Unquoted :</b>	
	(i) Shares: (a) Equity	4,042.20
	(b) Preference	25,000.00
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others -Venture Capital Fund	1,655.64
	Investment in Subordinate Debts	5,000.00

(Rs. in lacs)

(6)	Borrower group-wise classification of assets, financed as in (3) and (4) above : Please see Note 2 below		
Category	Amount ( Net of provisions )		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	4,688,268.94	82,545.07	4,770,814.01

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below	
		(Rs. in lacs)
Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	31,785.28	29,000.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	306,070.01	303,523.38

\* Disclosure is made in respect of available information.

\*\* As per Accounting Standard of ICAI (Please see Note 3)

(Rs. in lacs)

(8)	Other information	Amount
	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	NIL
	(b) Other than related parties	189,413.90
(ii)	Net Non-Performing Assets	
	(a) Related parties	NIL
	(b) Other than related parties	37,912.06
(iii)	Assets acquired in satisfaction of debt	NIL

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2015**

**Notes :**

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

**Shriram Transport Finance Company Limited**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part A: Subsidiaries****(Rs. in lacs)**

Sr. No.	Particulars	Shriram Equipment Finance Company Limited	Shriram Automall India Limited
1	Capital	26,000.00	3,000.00
2	Reserves	1,199.52	1,585.76
3	Total assets	304,463.11	8,086.69
4	Total liabilities	277,263.59	3,500.93
5	Investment included in total assets	-	-
6	Turnover	48,329.32	7,041.71
7	Profit before taxation	(20,463.21)	1,182.45
8	Provision for taxation	1,259.40	393.86
9	Profit after taxation	(21,722.61)	788.59
10	Dividend including dividend distribution tax	-	-
11	% of shareholding	100.00	100.00

**Part B: Associates and Joint venture**

The Company does not have any joint venture or associate, hence not applicable.

S.R.BATLIBOI & Co. LLP  
Chartered Accountants  
12<sup>th</sup> Floor, The Ruby  
29, Senapati Bapat marg,  
Dadar (West)  
Mumbai – 400 028

G. D. Apte & Co.  
Chartered Accountants  
GDA House, Plot No. 85  
Bhusari Colony (Right)  
Paud Road, Kothrud  
Pune 411 038

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Shriram Transport Finance Company Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shriram Transport Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. Batliboi & Co. LLP**  
**Chartered Accountants**  
ICAI Firm registration number: 301003E

**For G. D. Apte & Co.**  
**Chartered Accountants**  
ICAI Firm registration number: 100515W

**per Viren H. Mehta**  
**Partner**  
Membership No.: 048749

Place: Mumbai  
Date: April 29, 2014

**Ameya Tambekar**  
**Partner**  
Membership No: 128355

Place: Mumbai  
Date: April 29, 2014

### **Annexure referred to in paragraph 3 of our report of even date**

Re: Shriram Transport Finance Company Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company
- (iii) (a) The Company has granted loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 299.97 lacs and the year- end balance of loans granted to such parties was Rs. Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable,

have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, investor education and protection fund, income-tax, wealth tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to sales-tax, customs duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, investor education and protection fund, income-tax, wealth tax, service tax, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, customs duty and excise duty are not applicable to the Company
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Years to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	5,989.41	A.Y. 2011-12	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	22,352.68	A.Y. 2010-11	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	14,773.77	A.Y. 2008-09	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	9,562.97	A.Y. 2007-08	CIT (Appeals)
Finance Act, 1994 (Service Tax)	Service tax on hire purchase and lease transactions	21,230.18	A.Y. 2003-04 to 2009-10	CESTAT (Custom, Excise and Service tax appellate tribunal)
Finance Act, 1994 (Service Tax)	Service Tax demands	300*	A.Y. 2003-04 & 2004-05	Commissioner of Central Excise and Customs
Maharashtra Value Added Tax	Value Added Tax	1,843	A.Y. 2006-07	Maharashtra Sales Tax Tribunal

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Years to which the amount relates	Forum where dispute is pending
Andhra Pradesh Value Added Tax	Value Added Tax	348.41*	A.Y. 2005-06 to 2008-09	Andhra Pradesh High Court
Rajasthan Value Added Tax	Value Added Tax	116.37*	A.Y 2006-07 to 2012-13	Deputy Commissioner appeals, Rajasthan
Orissa Value Added Tax	Value Added Tax	9.04*	A.Y 2008-09 to 2012-13	Assistant Commissioner of commercial tax (Appeals)

\*- net of amount paid under protest.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained other than funds temporarily invested pending utilization of the funds for the intended use.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 2600, 30,656 and 17,455,801 secured non convertible debentures of Rs. 30,00,000, Rs.10,00,000 and Rs. 1000 each respectively. The Company has created security or charge in respect of debentures issued.
- (xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

For **G. D. Apte & Co.**  
Chartered Accountants  
Firm's Registration Number: 100515W

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**per Viren H. Mehta**  
Partner  
Membership Number: 048749  
Place of Signature: Mumbai  
Date: April 29, 2014

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**Ameya Tambekar**  
Partner  
Membership Number: 128355  
Place of Signature: Mumbai  
Date: April 29, 2014

**Shriram Transport Finance Company Limited**  
**Balance Sheet as at March 31, 2014**

(Rs. in lacs)

Particulars	Note No	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,690.67	22,688.79
(b) Reserves and surplus	4	804,631.06	696,785.17
		<b>827,321.73</b>	<b>719,473.96</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	2,271,208.89	1,905,304.86
(b) Other long- term liabilities	6	98,698.95	129,764.03
(c) Long- term provisions	7	127,174.08	113,468.54
		<b>2,497,081.92</b>	<b>2,148,537.43</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	298,589.79	414,686.94
(b) Trade payables		44,592.08	58,344.76
(c) Other current liabilities	6	1,225,628.63	1,076,193.53
(d) Short-term provisions	7	29,355.70	28,544.89
		<b>1,598,166.20</b>	<b>1,577,770.12</b>
<b>Total</b>		<b>4,922,569.85</b>	<b>4,445,781.51</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		9,901.78	5,826.70
(ii) Intangible assets		164.49	178.56
(b) Non-current investments	10	68,779.99	59,231.50
(c) Deferred tax assets (net)	11	25,116.23	28,382.80
(d) Long- term loans and advances	12	2,209,907.78	1,948,353.68
(e) Other non-current assets	13	9,442.50	17,015.36
		<b>2,323,312.77</b>	<b>2,058,988.60</b>
<b>(2) Current assets</b>			
(a) Current investments	14	203,746.33	297,659.63
(b) Cash and bank balances	15	708,597.76	631,932.90
(c) Short-term loans and advances	12	1,678,912.32	1,449,484.29
(d) Other current assets	13	8,000.67	7,716.09
		<b>2,599,257.08</b>	<b>2,386,792.91</b>
<b>Total</b>		<b>4,922,569.85</b>	<b>4,445,781.51</b>

Significant Accounting Policies

2.1

The accompanying notes are an integral part of the financial statements.

**Shriram Transport Finance Company Limited**  
**Balance Sheet as at March 31, 2014**

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

**per Viren H. Mehta**  
Partner  
Membership No. 048749

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**Arun Duggal**  
Chairman

**Umesh Revankar**  
Managing Director

Mumbai

April 29, 2014

**Parag Sharma**  
Chief Financial  
Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Statement of Profit and Loss for the year ended March 31, 2014**

(Rs. in lacs)

Particulars	Note No	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Income</b>			
Revenue from operations	<b>16</b>	788,009.70	655,813.42
Other income	<b>17</b>	816.21	545.57
<b>Total</b>		<b>788,825.91</b>	<b>656,358.99</b>
<b>Expenditure</b>			
Employee benefit expenses	<b>18</b>	40,885.97	38,890.20
Finance cost	<b>19</b>	393,251.86	287,555.34
Depreciation and amortisation	<b>9</b>	2,913.79	1,833.09
Other expenses	<b>20</b>	54,090.34	41,376.66
Provisions & write offs	<b>21</b>	114,879.69	85,084.59
<b>Total</b>		<b>606,021.65</b>	<b>454,739.88</b>
<b>Profit before taxation</b>		<b>182,804.26</b>	<b>201,619.11</b>
<b>Provision for taxation</b>			
Current tax		53,116.92	72,272.40
Deferred tax	<b>11</b>	3,266.57	(6,715.30)
<b>Total tax expense / (income)</b>		<b>56,383.49</b>	<b>65,557.10</b>
<b>Profit after tax from operations</b>		<b>126,420.77</b>	<b>136,062.01</b>
<b>Earnings per share</b>	<b>22</b>		
Basic (Rs.)		55.72	59.98
Diluted (Rs.)		55.72	59.98
Nominal value of equity share (Rs.)		<b>10.00</b>	<b>10.00</b>

Significant Accounting Policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**

For **G. D. Apte & Co.**

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

ICAI Firm Registration No. 301003E  
Chartered Accountants

ICAI Firm Registration No. 100515W  
Chartered Accountants

per **Viren H. Mehta**

**Ameya D. Tambekar**

**Arun Duggal**

**Umesh Revankar**  
Managing Director

Partner  
Membership No. 048749

Partner  
Membership No. 128355

Chairman

Mumbai

April 29, 2014

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2014**

**Parag Sharma**

Chief Financial Officer

**Vivek M.**

**Achwal**  
 Company  
 Secretary

(Rs. in lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. Cash flow from operating activities</b>		
Profit before taxes	182,804.26	201,619.11
Depreciation and amortisation	2,913.79	1,833.09
Loss / (profit) on sale of fixed assets (net)	(308.21)	47.11
Provision for diminution in value of investments	16.81	(178.66)
Employees Stock option compensation cost	0.90	(86.69)
Premium on Government Securities	10.49	0.80
Amortisation of Discount on Government Securities	(91.77)	(74.82)
Amortisation of Issue expenses for equity shares	152.78	152.78
Amortisation of Public issue expenses for non convertible debentures	1,467.06	1,578.01
Provision for credit loss on securitisation	-	17,617.43
Provisions for non performing assets and bad debt written off	113,601.45	65,369.78
Provisions for standard assets	1,261.43	2,276.04
Provision for gratuity	(1,715.11)	395.31
Provision for leave encashment	193.79	185.86
<b>Operating profit before working capital changes</b>	<b>300,307.67</b>	<b>290,735.15</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	(13,752.68)	10,780.44
Increase / (decrease) in provisions	(19,302.54)	(35,178.94)
Increase / (decrease) in provision for service tax- contested	15.81	26.36
Increase / (decrease) in other liabilities	(121,625.68)	(29,324.44)
(Increase) / decrease in investments	84,326.95	41,549.05
(Increase) / decrease in investments in associates	100.00	(100.00)
(Increase) / decrease in investments in subsidiaries	0.01	(0.01)
Decrease / (increase) in loans and advances	(567,056.49)	(861,936.16)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	15,450.96	(43,782.83)
Decrease / (increase) in other assets	273.42	140.01
<b>Cash generated from operations</b>	<b>(321,262.57)</b>	<b>(627,091.37)</b>
Direct taxes paid (net of refunds)	(56,581.90)	(73,254.81)
<b>Net cash flow used in operating activities (A)</b>	<b>(377,844.47)</b>	<b>(700,346.18)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed including intangible assets	(7,180.19)	(4,206.05)
Proceeds from sale of fixed assets	515.91	93.79
<b>Net cash used in investing activities (B)</b>	<b>(6,664.28)</b>	<b>(4,112.26)</b>

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2014**

(Rs. in lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	1.88	6.25
Securities premium on issue of equity capital	4.70	15.62
Amount received from institutional borrowing	1,758,710.00	1,992,665.00
Amount received from Public issue of non convertible debentures	123,589.04	60,000.00
Increase / (decrease) in Retail borrowings	127,215.42	84,042.75
Amount redeemed for Public issue of non convertible debentures	(27,120.05)	(46,923.16)
Repayment of institutional borrowing	(1,492,591.85)	(1,301,445.27)
Public issue expenses for non convertible debentures paid	(2,448.01)	(1,316.96)
Dividend paid	(15,881.04)	(15,877.71)
Tax on dividend	(2,698.57)	(2,575.35)
<b>Net cash from financing activities (C)</b>	<b>468,781.52</b>	<b>768,591.17</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>84,272.77</b>	<b>64,132.73</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>446,994.11</b>	<b>382,746.78</b>
<b>Cash and bank balances taken over on merger</b>	<b>-</b>	<b>114.60</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>531,266.88</b>	<b>446,994.11</b>

(Rs. in lacs)

Components of cash and cash equivalents	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents at the end of the year</b>		
i) Cash on hand	13,587.88	9,478.19
ii) Cheques on hand	1,976.67	4,997.28
iii) Call Money (CBLO)	69,882.53	-
iv) Balances with scheduled banks in:		
Current accounts	184,449.84	374,352.42
Unpaid dividend accounts *	773.96	629.22
Deposits with original maturity of less than three months	260,596.00	57,537.00
<b>Total cash and cash equivalents (Note 15)</b>	<b>531,266.88</b>	<b>446,994.11</b>

Significant Accounting Policies (Note 2.1)

The accompanying notes are an integral part of the financial statements.

**Notes**

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) All figures in brackets indicate outflow.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 4) During the year ended March 31, 2013, Shriram Holdings (Madras) Private Limited (SHMPL) amalgamated with the Company using "Purchase method" as defined under AS-14 Accounting for Amalgamations notified under Companies (AS) Rules, 2006 (as amended). Assets and liabilities taken over of SHMPL were settled for a net consideration of Rs. 279,487,425. The said net consideration was settled in the form of 500,868 equity shares of Rs. 10/- each. The Company has allotted the said shares on November 05, 2012. Details of Net Assets taken over has been disclosed under Note 33 to the financial statements. The said net assets include cash and bank balances amounting to Rs. 200/- and Rs. 11,460,048/- respectively. The said balances was taken over on November 05, 2012.

\*5) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

**Shriram Transport Finance Company Limited**  
**Cash Flow Statement for the year ended March 31, 2014**

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Viren H. Mehta**  
Partner  
Membership No. 048749

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Arun Duggal**  
Chairman

**Umesh Revankar**  
Managing Director

Mumbai  
April 29, 2014

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

<b>1.</b>	<b>Corporate information</b>																		
	Shriram Transport Finance Company Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The company provides finance for commercial vehicles, construction equipments and other loans.																		
<b>2.</b>	<b>Basis of preparation</b>																		
	The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under provisions of the Companies Act, 1956 ('the Act') read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.																		
<b>2.1</b>	<b>Significant accounting policies</b>																		
<b>(a)</b>	<b>Current / Non-current classification of assets / liabilities</b>																		
	The company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.																		
<b>(b)</b>	<b>Use of estimates</b>																		
	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.																		
<b>(c)</b>	<b>Fixed assets, depreciation/amortisation and impairment</b>																		
	<p><b>Tangible fixed assets</b></p> <p>Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.</p> <p><b>Depreciation on tangible fixed assets</b></p> <p>Depreciation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rates (SLM)</th> <th>Schedule XIV rates (SLM)</th> </tr> </thead> <tbody> <tr> <td>Plant and equipment</td> <td>10%</td> <td>4.75%</td> </tr> <tr> <td>Furniture and fixtures</td> <td>10%</td> <td>6.33%</td> </tr> <tr> <td>Office equipments</td> <td>10%</td> <td>4.75%</td> </tr> <tr> <td>Buildings</td> <td>1.63%</td> <td>1.63%</td> </tr> <tr> <td>Computers</td> <td>20%</td> <td>16.21%</td> </tr> </tbody> </table>	Particulars	Rates (SLM)	Schedule XIV rates (SLM)	Plant and equipment	10%	4.75%	Furniture and fixtures	10%	6.33%	Office equipments	10%	4.75%	Buildings	1.63%	1.63%	Computers	20%	16.21%
Particulars	Rates (SLM)	Schedule XIV rates (SLM)																	
Plant and equipment	10%	4.75%																	
Furniture and fixtures	10%	6.33%																	
Office equipments	10%	4.75%																	
Buildings	1.63%	1.63%																	
Computers	20%	16.21%																	

Vehicles	20%	9.50%
Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months.		
All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation.		

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

	<p>Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.</p> <p><b>Intangible assets</b></p> <p>Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.</p> <p>Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rates (SLM)</th> </tr> </thead> <tbody> <tr> <td>Computer software</td> <td>33.33%</td> </tr> </tbody> </table> <p>Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.</p> <p><b>Impairment of assets</b></p> <p>The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p> <p>A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in statement of profit and loss account, unless the same is carried at revalued amount and treated as revaluation reserve.</p>	Particulars	Rates (SLM)	Computer software	33.33%
Particulars	Rates (SLM)				
Computer software	33.33%				
<b>(d)</b>	<b>Investments</b>				
	<p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p>				
<b>(e)</b>	<b>Provisioning / Write-off of assets</b>				
	<p>Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Delinquencies on assets securitised/assigned are provided for based on management estimates of the historical data.</p> <p>Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.</p>				
<b>(f)</b>	<b>Loans</b>				
	<p>Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, up to the balance sheet date as reduced by the amounts received and loans securitised.</p>				
<b>(g)</b>	<b>Leases</b>				
	<p><i>Where the company is the lessor</i></p> <p>Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.</p> <p><i>Where the company is the lessee</i></p>				

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

<b>(h)</b>	<p><b>Foreign currency translation</b></p> <p><i>Initial recognition</i> Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.</p> <p><i>Conversion</i> Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of the balance sheet.</p> <p><i>Exchange differences</i> All exchange differences are dealt with including differences arising on translation settlement of monetary items in the statement of profit and loss.</p> <p><i>Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability</i> The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.</p>
<b>(i)</b>	<p><b>Revenue recognition</b></p> <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.</p> <p>i. Income from financing activities is recognised on the basis of internal rate of return on time proportion basis. Income from other charges are booked at the commencement of the contract. Service tax on charges/fees is collected by the Company as an intermediary and accordingly revenue is presented on net basis.</p> <p>ii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans are reversed and are accounted as income when these are actually realised.</p> <p>iii. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.</p> <p>iv. <b>Income apportioned</b> on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' / agreements. Loss/expenditure, if any, in respect of securitisation /direct assignment is recognised upfront. Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/assignment. Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.</p> <p>v. Interest income on fixed deposits/margin money, call money (Collateralised borrowing and lending obligation), certificate of deposits, pass through certificates, subordinate debts, government securities, inter corporate deposits and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.</p> <p>vi. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.</p> <p>vii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.</p> <p>viii. Income from services is recognised as per the terms of the contract on accrual basis.</p> <p>ix. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.</p>
<b>(j)</b>	<p><b>Retirement and other employee benefits</b></p>

**Provident fund**

All the employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the company contribute monthly at a stipulated rate. The company has no liability for future provident fund benefits other than its annual contribution and recognises such contributions as an expense in the period in which service is received.

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2014****Gratuity**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet Date using the Projected Unit Credit Method. The Company fully contributes all ascertained liabilities to The Trustees- Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

**Leave encashment**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**(k) Income tax**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

<b>(l)</b>	<b>Segment reporting policies</b>
	<p><b>Identification of segments:</b></p> <p>The company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.</p> <p><b>Unallocated items:</b></p> <p>Unallocated items include income and expenses which are not allocated to any reportable business segment.</p> <p><b>Segment policies :</b></p> <p>The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.</p>
<b>(m)</b>	<b>Earnings per share</b>
	<p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.</p>
<b>(n)</b>	<b>Provisions</b>
	<p>A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.</p>
<b>(o)</b>	<b>Cash and cash equivalents</b>
	<p>Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.</p>
<b>(p)</b>	<b>Equity shares and debentures issue expenses</b>
	<p>Expenses incurred on issue of equity shares are charged to statement of profit and loss on a straight line basis over a period of 10 years.</p> <p>Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.</p> <p>Expenses incurred for private placement of debentures, are charged to statement of profit and loss in the year in which they are incurred.</p>
<b>(q)</b>	<b>Borrowing costs</b>
	<p>Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of profit and loss in the year in which they are incurred.</p>
<b>(r)</b>	<b>Employee stock compensation costs</b>
	<p>In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the compensation cost relating to employee stock options is measured and recognised using intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.</p>
<b>(s)</b>	<b>Contingent liabilities</b>

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

(Rs. in lacs)

Note 3- Share capital	As at March 31, 2014	As at March 31, 2013
<b>Authorised</b>		
397,000,000 (March 31, 2013: 397,000,000) Equity Shares of Rs.10/- each	39,700.00	39,700.00
20,000,000 (March 31, 2013: 20,000,000) Preference Shares of Rs.100/- each	20,000.00	20,000.00
	<b>59,700.00</b>	<b>59,700.00</b>
<b>Issued and Subscribed share capital</b>		
226,936,877( March 31, 2013: 226,918,077) equity shares of Rs. 10/- each	22,693.69	22,691.81
<b>Paid up (Fully paid up)</b>		
Equity Shares		
226,882,736 (March 31, 2013: 226,863,936) equity shares of Rs. 10/- each	22,688.27	22,686.39
	<b>22,688.27</b>	<b>22,686.39</b>
48,000 equity shares of Rs.10/- each (Rs. 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,690.67</b>	<b>22,688.79</b>

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2014**

<b>a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.</b>	<b>As at March 31, 2014</b>		<b>As at March 31, 2013</b>	
	<b>Numbers of shares</b>	<b>Rs. in lacs</b>	<b>Numbers of shares</b>	<b>Rs. in lacs</b>
Shares outstanding at the beginning of the year	226,863,936	22,686.39	226,300,568	22,630.06
Issued during the period - Employee stock option scheme [Refer Note 25]	18,800	1.88	62,500	6.25
Issued on account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 33]	-	-	500,868	50.08
<b>Shares outstanding at the end of the year</b>	<b>226,882,736</b>	<b>22,688.27</b>	<b>226,863,936</b>	<b>22,686.39</b>

**b. Terms/Rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2014, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 7.00 ( March 31, 2013 : Rs. 7.00). Out of the total dividend declared during the year ended March 31, 2014, amount of interim dividend paid was Rs. 3.00 per equity share ( March 31, 2013: Rs. 3.00) and amount of final dividend proposed was Rs. 4.00 per equity share ( March 31, 2013: Rs. 4.00).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

The company has reserved Nil (March 31, 2013: 18,800) equity shares for issue under employee stock option scheme 2005. During the year ended March 31, 2014, 18,800 equity shares were vested and exercised.

**d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The company has issued total 3,712,568 equity shares (March 31 2013 : 4,069,968) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited as per note (f) given below.

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2014****e. Details of shareholders holding more than 5% equity shares in the company**

<b>Details of shareholding</b>	<b>As at March 31, 2014</b>		<b>As at March 31, 2013</b>	
	<b>Number of shares</b>	<b>% holding in the class</b>	<b>Number of shares</b>	<b>% holding in the class</b>
<b>Equity shares of Rs. 10/- each</b>				
Shriram Capital Limited	59,103,162	26.05%	58,502,778	25.79%
Newbridge India Investment II Limited	-	-	22,847,468	10.07%
PHL Capital Private Limited	22,600,000	9.96%	-	-
Genesis Indian Investment Company Limited	13,648,064	6.02%	13,926,256	6.14%
As per the records of the company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.				

f. The Hon'ble Madras High Court sanctioned the Scheme of arrangement for merger of Shriram Holdings (Madras) Private Limited (SHMPL) with the company( 'the scheme') and the scheme came into effect from November 05,2012 when the company filed the scheme with the registrar of companies, Tamil Nadu, Chennai. Pursuant to the scheme, the investment of SHMPL in the share capital of the company viz. 93,371,512 fully paid-up Equity shares of Rs.10/- each stood cancelled and the company issued and allotted 93,872,380 new equity shares of Rs. 10/- each fully paid-up to the shareholders of SHMPL. This resulted into increase of Rs.50.09 lacs in the paid-up capital of the company with effect from November 05, 2012. The merger is effective from April 01, 2012 and the effect of the same is considered in the financial statements for the year ended March 31, 2013.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

<b>Note 4- Reserves and surplus</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Capital reserve</b>		
Balance as per last account	2,761.83	17.03
Add: On account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 33]	-	2,744.80
<b>Closing balance</b>	2,761.83	2,761.83
<b>Capital redemption reserve</b>	5,388.35	5,388.35
<b>Securities premium account</b>		
Balance as per last account	175,442.36	175,322.02
Add: Addition on ESOPs exercised	4.70	15.62
Add: Transferred from stock options outstanding	34.00	104.72
<b>Closing balance</b>	175,481.06	175,442.36
<b>Debenture redemption reserve</b>		
Balance as per last account	30,180.03	52,136.12
Add: Transfer from surplus balance in the statement of profit and loss	19,370.76	15,815.26
Less: Transfer to statement of profit and loss on account of redemption	(8,215.35)	(23,461.58)
Less: Transfer to statement of profit and loss on account of revised guidelines *	-	(14,309.77)
<b>Closing balance</b>	41,335.44	30,180.03
<b>Stock option outstanding</b>		
Employee stock option outstanding	-	34.00
Less : Deferred employee compensation outstanding	-	(0.90)
<b>Closing balance</b>	-	33.10
<b>Other reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	129,199.79	101,199.79
Add: Transfer from surplus balance in the statement of profit and loss	26,000.00	28,000.00
<b>Closing balance</b>	155,199.79	129,199.79
<b>General reserve</b>		
Balance as per last account	65,153.63	51,153.63
Add: Transfer from surplus balance in the statement of profit and loss	13,000.00	14,000.00
<b>Closing balance</b>	78,153.63	65,153.63
<b>Surplus in statement of profit and loss</b>		
Balance as per last account	288,626.08	191,157.33
Add: Profit for the current year	126,420.77	136,062.01
Add: Excess provision written back - tax on dividend	-	0.41
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(26,000.00)	(28,000.00)
Transfer to general reserve	(13,000.00)	(14,000.00)
Transfer to/from debenture redemption reserve	(11,155.41)	21,956.09
Interim dividend [amount per share Rs.3.00 (March 31, 2013: Rs. 3.00)]	(6,806.48)	(6,825.68)
Tax on interim dividend	(1,156.34)	(1,107.30)
Proposed final dividend [amount per share Rs. 4.00 (March 31, 2013: Rs. 4.00)]	(9,075.31)	(9,074.56)

Tax on proposed dividend	(1,542.35)	(1,542.22)
<b>Total appropriations</b>	<b>(68,735.89)</b>	<b>(38,593.67)</b>
<b>Net surplus in statement of profit and loss</b>	<b>346,310.96</b>	<b>288,626.08</b>
<b>Total</b>	<b>804,631.06</b>	<b>696,785.17</b>

\* As per General circular no 04/2013 dated February 11, 2013 issued by Ministry of corporate affairs, Debenture redemption reserve required to be maintained is revised to 25% from 50% , hence, the excess amount has been transferred back to the statement of profit and loss for the year ended March 31, 2013.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

Note 5- Long term borrowings	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities*	Non-current portion	Current maturities*
Subordinated debts (Unsecured)	391,303.31	50,441.72	312,839.63	54,267.15
<b>Redeemable non-convertible debentures</b>				
Secured	891,321.70	424,337.08	870,097.87	296,481.41
Less: Unamortised discount	(145.65)	(582.15)	(580.61)	(2,118.62)
	891,176.05	423,754.93	869,517.26	294,362.79
Unsecured	2,150.00	79,580.00	81,730.00	47,380.00
Less: Unamortised discount	-	(110.08)	(110.08)	(784.49)
	2,150.00	79,469.92	81,619.92	46,595.51
<b>Term loans from banks</b>				
Unsecured	10,000.00	-	10,000.00	10,000.00
Secured	718,448.56	392,182.66	508,599.25	281,182.57
Fixed deposits (Unsecured)	192,410.45	38,011.76	68,220.02	66,418.28
<b>Term loans from financial institutions / corporates</b>				
Secured	65,700.00	38,800.00	54,500.00	27,000.00
<b>Loans and advances from related parties</b>				
Subordinated debts (Unsecured)				
from Associate	-	-	-	413.40
from Managing Director				-
from Relative of Managing Director	1.10	-	0.30	-
Redeemable non-convertible debentures (Secured)				
from Associate	-	-	3.60	2.40
from Managing Director	3.00	-	-	-
from Relative of Managing Director	14.33	1.39	4.88	2.21
Fixed deposits (Unsecured)				
from Relative of Managing Director	2.09	-	-	1.02
<b>Total</b>	<b>2,271,208.89</b>	<b>1,022,662.38</b>	<b>1,905,304.86</b>	<b>780,245.33</b>

\* Amount disclosed under the Note 6 Other current liabilities

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**A) Subordinated debt -Unsecured**

**i) Privately placed subordinated debts of Rs. 100,000/- each**

**Terms of repayment as on March 31, 2014**

**Long term borrowing**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	13,769.00	-	-	13,769.00
48-60 months	-	-	4,541.00	-	4,541.00
24-36 months	-	5,000.00	-	-	5,000.00
12-24 months	-	25,577.00	-	-	25,577.00
<b>Total</b>	-	<b>44,346.00</b>	<b>4,541.00</b>	-	<b>48,887.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	15,000.00	5,500.00	-	20,500.00
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**Terms of repayment as on March 31, 2013**

**Long term borrowing**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	13,769.00	4,541.00	-	18,310.00
36-48 months	-	5,000.00	-	-	5,000.00
24-36 months	-	25,577.00	-	-	25,577.00
12-24 months	-	15,000.00	5,500.00	-	20,500.00
<b>Total</b>	-	<b>59,346.00</b>	<b>10,041.00</b>	-	<b>69,387.00</b>

**Current maturity**

<b>Upto 12 months</b>	-	-	10,510.00	-	10,510.00
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**ii) Privately placed subordinated debts of Rs. 1,000,000/- each**

**Terms of repayment as on March 31, 2014**

**Long term borrowing**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	106,010.00	-	-	106,010.00
48-60 months	2,500.00	25,630.00	5,000.00	-	33,130.00
36-48 months	-	25,000.00	-	-	25,000.00
24-36 months	-	5,000.00	-	-	5,000.00
12-24 months	-	35,000.00	-	-	35,000.00
<b>Total</b>	<b>2,500.00</b>	<b>196,640.00</b>	<b>5,000.00</b>	-	<b>204,140.00</b>

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014.

**Terms of repayment as on March 31, 2013**

**Long term borrowing**

**(Rs. in lacs)**

Redeemable at par (from the date	Rate of interest				
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of the Balance Sheet)	<10%	>=10% <12%	>=12% <14%	>= 14%	Total
Over 60 months	-	95,890.00	5,000.00	-	100,890.00
48-60 months	-	25,000.00	-	-	25,000.00
36-48 months	-	5,000.00	-	-	5,000.00
24-36 months	-	35,000.00	-	-	35,000.00
<b>Total</b>	-	<b>160,890.00</b>	<b>5,000.00</b>	-	<b>165,890.00</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

**Current maturity**

(Rs. in lacs)

Redeemable at par within	Rate of interest				Total
	< 10%	>=10% <12%	>=12% <14%	>= 14%	
<b>Upto 12 months</b>	-	<b>15,000.00</b>	-	-	<b>15,000.00</b>

**iii) Privately placed subordinated debts of Rs. 1,000/- each**

**Terms of repayment as on March 31, 2014**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	-	65,695.12	-	-	65,695.12
48-60 months	5.40	47,109.29	-	-	47,114.69
36-48 months	1,481.88	6,589.06	-	-	8,070.94
24-36 months	46.99	3,487.45	-	-	3,534.44
12-24 months	-	5,551.41	0.50	-	5,551.91
<b>Total</b>	<b>1,534.27</b>	<b>128,432.33</b>	<b>0.50</b>	-	<b>129,967.10</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>8,038.37</b>	<b>21,903.35</b>	-	<b>29,941.72</b>
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**Terms of repayment as on March 31, 2013**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
Over 60 months	5.40	22,148.21	-	-	22,153.61
48-60 months	1,481.88	6,589.06	-	-	8,070.94
36-48 months	46.99	3,487.45	-	-	3,534.44
24-36 months	-	5,551.41	0.50	-	5,551.91
12-24 months	-	8,038.37	21,903.35	-	29,941.72
<b>Total</b>	<b>1,534.27</b>	<b>45,814.50</b>	<b>21,903.85</b>	-	<b>69,252.62</b>

**Current maturity**

<b>Upto 12 months</b>	-	<b>22,400.37</b>	<b>6,770.18</b>	-	<b>29,170.55</b>
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**iv) Public issue of subordinated debt of Rs. 1,000/- each (2010)-quoted**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on
Option -IV	10.41%	91.00	91.00	1-Jun-17
	10.81%	1,687.00	1,687.00	1-Mar-17
	11.25%	3,746.08	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17

<b>Total</b>		<b>8,310.31</b>	<b>8,310.31</b>	
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**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

Total subordinated debts	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	382,994.10	50,441.72	304,529.62	54,680.55
Public issue (iv)	8,310.31	-	8,310.31	-
<b>Total Subordinated debts</b>	<b>391,304.41</b>	<b>50,441.72</b>	<b>312,839.93</b>	<b>54,680.55</b>
Less: issued to related parties	1.10	-	0.30	413.40
<b>Total</b>	<b>391,303.31</b>	<b>50,441.72</b>	<b>312,839.63</b>	<b>54,267.15</b>

**B) Non-convertible debenture (NCD) -Secured**

**i) Privately placed redeemable non-convertible debentures of Rs. 1,000/- each**

Terms of repayment as on March 31, 2014

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total *
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	>= 16%	
48-60 months	-	1,978.33	-	-	-	1,978.33
36-48 months	-	9,385.75	939.52	-	-	10,325.27
24-36 months	1.84	47,445.47	719.40	0.88	-	48,167.59
12-24 months	2,584.05	137,415.90	-	792.92	-	140,792.87
<b>Total</b>	<b>2,585.89</b>	<b>196,225.45</b>	<b>1,658.92</b>	<b>793.80</b>	-	<b>201,264.06</b>

**Current maturity**

<b>Upto 12 months</b>	<b>8,736.18</b>	<b>100,014.14</b>	<b>6.40</b>	<b>311.80</b>	<b>-</b>	<b>109,068.52</b>
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Terms of repayment as on March 31, 2013

**Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	>= 16%	
48-60 months	-	8,613.59	939.52	-	-	9,553.11
36-48 months	1.84	6,534.46	719.88	0.88	-	7,257.06
24-36 months	1,669.55	136,832.48	-	792.92	-	139,294.95
12-24 months	3,637.90	100,192.44	6.40	311.80	-	104,148.54
<b>Total</b>	<b>5,309.29</b>	<b>252,172.97</b>	<b>1,665.80</b>	<b>1,105.60</b>	-	<b>260,253.66</b>

**Current maturity**

<b>Upto 12 months</b>	<b>46,737.79</b>	<b>29,109.31</b>	<b>1,582.89</b>	<b>282.32</b>	<b>0.48</b>	<b>77,712.79</b>
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**Nature of security**

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

\* Amount pertains to debentures issued prior to notification of the RBI Circular DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

**(ii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each**

Terms of repayment as on March 31, 2014

Long term borrowing ( gross of unamortised discount on debenture of Rs. 145.65 lacs )

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10% <sup>^</sup>	>= 10% < 12% * <sup>^</sup> ¥	>= 12% < 14%	>= 14% < 16%	>= 16%	
Over 60 months	5,960.00	120,920.00	-	-	-	126,880.00
48-60 months	1,500.00	17,500.00	-	-	-	19,000.00
36-48 months <sup>^</sup>	3,800.00	76,000.00	-	-	-	79,800.00
24-36 months* <sup>^</sup>	7,750.00	123,805.00	-	-	-	131,555.00
12-24 months <sup>^</sup>	6,600.00	40,800.00	-	-	-	47,400.00
<b>Total</b>	<b>25,610.00</b>	<b>379,025.00</b>	-	-	-	<b>404,635.00</b>

\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

<sup>^</sup>NCD amounting to Rs. 4,200.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
<b>Total</b>		<b>625.00</b>	

Current maturity ( gross of unamortised discount on debenture of Rs. 582.15 lacs )

upto 12 months* <sup>^</sup> ¥	62,010.00	217,585.00	-	-	-	279,595.00
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\* Includes 1 NCD of Rs. 625.00 lacs partly paid to the extent of Rs. 50,000/-

<sup>^</sup>NCD amounting to Rs. 19,720.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCD having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	625.00	13-Aug-14
2	10.30%	20,000.00	20-Jul-14
3	9.35%	5,000.00	23-Jun-14
4	9.35%	15,000.00	23-Jun-14
<b>Total</b>		<b>40,625.00</b>	

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**Terms of repayment as on March 31, 2013**

**Long term borrowing( gross of unamortised discount on debenture of Rs. 580.61 lacs )**

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%^	>= 10% < 12% **^¥	>= 12% < 14%	>= 14% < 16%	>= 16%	
48-60 months *^	3,800.00	76,000.00	-	-	-	79,800.00
36-48 months^¥	750.00	38,125.00	-	-	-	38,875.00
24-36 months^	47,100.00	55,800.00	-	-	-	102,900.00
12-24 months^¥	39,010.00	168,585.00	-	-	-	207,595.00
<b>Total</b>	<b>90,660.00</b>	<b>338,510.00</b>	-	-	-	<b>429,170.00</b>

\* Includes 2 NCDs of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

^NCDs amounting to Rs. 22,420.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**¥ Out of the above NCDs having put/call option are as under**

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
2	10.50%	625.00	13-Aug-14
3	10.30%	20,000.00	20-Jul-14
<b>Total</b>		<b>21,250.00</b>	

**Current maturity ( gross of unamortised discount on debenture of Rs. 2,118.62 lacs )**

<b>upto 12 months^¥</b>	<b>19,510.00</b>	<b>125,900.00</b>	<b>31,000.00</b>	-	-	<b>176,410.00</b>
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^NCDs amounting to Rs. 18,110.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**¥ Out of the above NCDs having put/call option are as under**

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.30%	31,000.00	6-Jan-14
2	9.20%	30,000.00	24-Jun-13
3	9.00%	20,000.00	2-May-13
<b>Total</b>		<b>81,000.00</b>	

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

(iii) Privately placed redeemable non-convertible debenture of Rs. 3,000,000/- each  
Terms of repayment as on March 31, 2014

Long term borrowing( gross of unamortised discount on debenture of Rs. Nil)

Long term borrowing is Rs. Nil as on March 31, 2014

Current maturity

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%	>= 10% < 12%*	>= 12% < 14%	>= 14% < 16%	>= 16%	
Upto 12 months*	-	1,600.00	-	-	-	1,600.00

\*Partly paid to the extent of Rs. 100,000/-

Terms of repayment as on March 31, 2013

Long term borrowing( gross of unamortised discount on debenture of Rs. Nil)

Long term borrowing is Rs. Nil as on March 31, 2013

Current maturity

Current maturity is Rs. Nil as on March 31, 2013

Nature of security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

iv) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each -(2009)

Terms of repayment

Long term borrowing

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.00%	-	1,464.79	26-Aug-14	-
	11.25%	-	280.18	26-Aug-14	-
Option -II	11.25%	-	1,096.49	26-Aug-14	-
	11.50%	-	378.43	26-Aug-14	-
<b>Total</b>		-	<b>3,219.89</b>		

Current maturity

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.00%	1,484.62	-	26-Aug-14	-
	11.25%	260.36	-	26-Aug-14	-
	11.00%	-	2,929.58	26-Aug-13	-
	11.25%	-	560.36	26-Aug-13	-

Option -II	11.25%	1,123.20	-	26-Aug-14	-
	11.50%	351.72	-	26-Aug-14	-
	11.25%	-	2,192.99	26-Aug-13	-
	11.50%	-	756.85	26-Aug-13	-
Option -III	11.03%	-	10,422.51	1-Oct-13	-
	11.03%	7,508.65	-	26-Aug-14	-
Option -IV	11.00%	-	2,274.12	1-Oct-13	-
	11.00%	999.10	-	26-Aug-14	-
<b>Total</b>		<b>11,727.64</b>	<b>19,136.42</b>		

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The funds raised from the public issue of 9,999,996 secured NCD aggregating to Rs. 99,999.96 lacs have been utilised, after meeting the expenditure of and related to the public issue, for various financing activities of the Company including lending, investments and repayment of borrowings.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 4,215.23 lacs on 12-Mar-2010 and Rs. 3,000.00 lacs on 27-March-2012 , Rs. 23,505.26 lacs on 28-March-2012 and as per the terms of the issue Rs. 46,923.16 lacs and Rs. 6,439.79 lacs were redeemed on 26-August-2012 and 26-August-2013 respectively.

Put options were exercised for option III and IV on 26-August-2013 and Rs. 2,913.86 lacs and Rs. 1,275.02 lacs respectively were paid on 1-October-2013 in compliance with the terms of issue.

**v) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each - (2010)**

**Terms of repayment**

**Long term borrowing**

**(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	9.00%	1,424.68	-	1-Jun-15	-
	9.50%	3,918.55	-	1-Jun-15	-
	9.75%	1,160.60	-	1-Jun-15	-
	10.00%	231.60	-	1-Jun-15	-
Option -II	9.50%	897.03	897.03	1-Jun-17	1-Jun-15
	10.00%	832.20	832.20	1-Jun-17	1-Jun-15
	10.25%	3,802.59	3,741.65	1-Jun-17	1-Jun-15
	10.50%	722.54	783.48	1-Jun-17	1-Jun-15
Option -III	9.75%	808.45	808.45	1-Jun-15	-
	10.25%	785.68	785.68	1-Jun-15	-
	10.50%	1,756.76	1,717.73	1-Jun-15	-
	10.75%	385.28	424.31	1-Jun-15	-
	9.75%	-	1,616.90	1-Jun-14	-
	10.25%	-	1,571.36	1-Jun-14	-
	10.50%	-	3,435.46	1-Jun-14	-
	10.75%	-	848.62	1-Jun-14	-
<b>Total</b>		<b>16,725.96</b>	<b>17,462.87</b>		

**Current maturity**

**(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	9.00%	-	3,398.67	1-Jun-15	1-Jun-13
	9.50%	-	10,495.95	1-Jun-15	1-Jun-13
	9.75%	-	1,496.49	1-Jun-15	1-Jun-13
	10.00%	-	363.36	1-Jun-15	1-Jun-13

Option –III	9.75%	-	1,616.90	1-Jun-13	-
	10.25%	-	1,571.36	1-Jun-13	-
	10.50%	-	3,435.46	1-Jun-13	-
	10.75%	-	848.62	1-Jun-13	-
	9.75%	1,616.90	-	1-Jun-14	-
	10.25%	1,571.36	-	1-Jun-14	-
	10.50%	3,513.52	-	1-Jun-14	-
	10.75%	770.56	-	1-Jun-14	-
<b>Total</b>		<b>7,472.34</b>	<b>23,226.81</b>		

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back NCDs of Rs. 1,000.00 lacs on 14-July-2011 and as per the terms of the issue Rs. 7,472.34 lacs were redeemed on 1-June-2013.

Put options were exercised for option I on 1-June-2013 and Rs. 9,019.04 lacs were paid on 5-July-2013 in compliance with the terms of issue.

**vi) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2011)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.60%	53,470.83	53,470.83	11-Jul-16	12-Jul-15
	11.35%	24,313.78	24,313.78	11-Jul-16	12-Jul-15
	11.10%	7,340.36	7,340.36	11-Jul-16	12-Jul-15
Option –II	11.35%	-	3,462.05	11-Jul-14	-
	11.10%	-	3,173.19	11-Jul-14	-
	11.00%	-	8,239.72	11-Jul-14	-
<b>Total</b>		<b>85,124.97</b>	<b>99,999.93</b>		

**Current maturity**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option –II	11.35%	3,462.05	-	11-Jul-14	-
	11.10%	3,173.19	-	11-Jul-14	-
	11.00%	8,239.72	-	11-Jul-14	-
<b>Total</b>		<b>14,874.96</b>	<b>-</b>		

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

**vii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2012)**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.15%	8,569.28	8,518.92	9-Aug-15	-
	10.25%	14,894.88	14,945.24	9-Aug-15	-
Option -II	11.40%	13,423.10	14,236.98	9-Aug-17	-
	10.50%	12,788.11	11,974.23	9-Aug-17	-
Option -III	11.15%	3,725.06	3,738.41	9-Aug-15	-
	10.25%	161.04	147.69	9-Aug-15	-
Option -IV	11.40%	6,315.11	6,356.94	9-Aug-17	-
	10.50%	123.42	81.59	9-Aug-17	-
<b>Total</b>		<b>60,000.00</b>	<b>60,000.00</b>		

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**viii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-1**

**Terms of repayment**

**Long term borrowing**

(Rs. in lacs)

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	10.90%	12,829.17	-	1-Aug-16	-
	9.65%	13,568.20	-	1-Aug-16	-
Option -II	11.15%	11,586.22	-	31-Jul-17	-
	9.80%	3,356.06	-	31-Jul-17	-
	11.15%	11,586.22	-	31-Jul-18	-
	9.80%	3,356.07	-	31-Jul-18	-
Option -III	10.63%	5,797.30	-	31-Jul-18	-
	9.40%	104.42	-	31-Jul-18	-
Option -IV	10.90%	6,075.57	-	1-Aug-16	-
	9.65%	43.60	-	1-Aug-16	-
Option -V	11.15%	2,637.50	-	31-Jul-17	-
	9.80%	5.61	-	31-Jul-17	-
	11.15%	2,637.50	-	31-Jul-18	-
	9.80%	5.60	-	31-Jul-18	-
<b>Total</b>		<b>73,589.04</b>	-		

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 73,589.04 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited****Notes forming part of the financial statements for the year ended March 31, 2014****ix) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2****Terms of repayment****Long term borrowing****(Rs. in lacs)**

Option detail	Rate of interest	As at March 31, 2014	As at March 31, 2013	Redeemable at par on	Put and Call option
Option -I	11.25%	7,762.63	-	24-Oct-16	-
	10.75%	19,373.21	-	24-Oct-16	-
Option -II	11.50%	3,164.51	-	24-Oct-18	-
	10.75%	7,489.01	-	24-Oct-18	-
Option -III	11.75%	4,734.26	-	24-Oct-20	-
	10.75%	3,023.29	-	24-Oct-20	-
Option -IV	11.25%	2,253.65	-	24-Oct-16	-
	10.75%	11.95	-	24-Oct-16	-
Option -V	11.50%	809.97	-	24-Oct-18	-
	10.75%	5.00	-	24-Oct-18	-
Option -VI	11.75%	1,370.42	-	24-Oct-20	-
	10.75%	2.10	-	24-Oct-20	-
<b>Total</b>		<b>50,000.00</b>	-		

**Current maturity**

Current maturity is Rs. Nil as on March 31, 2014 and March 31, 2013.

**Nature of security**

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 50,000.00 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**(Rs. in lacs)**

Total non-convertible debentures- secured	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Privately placed (i+ii+iii)	605,899.06	390,263.52	689,423.65	254,122.79
Public issue (iv+v+vi+vii+viii+ix)	285,439.97	34,074.95	180,682.70	42,363.23
<b>Total non-convertible debentures- secured</b>	<b>891,339.03</b>	<b>424,338.47</b>	<b>870,106.35</b>	<b>296,486.02</b>
Less: issued to related parties	17.33	1.39	8.48	4.61
<b>Total</b>	<b>891,321.70</b>	<b>424,337.08</b>	<b>870,097.87</b>	<b>296,481.41</b>

**C) Redeemable non-convertible debentures (NCD)- unsecured**

Privately placed unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each

**Terms of repayment as on March 31, 2014**

**Long term borrowing ( gross of unamortised discount on debenture of Rs. Nil )**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%^	Total
12-24 months^	-	2,150.00	2,150.00
<b>Total</b>	-	<b>2,150.00</b>	<b>2,150.00</b>

^NCDs amounting to Rs. 2,150.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

**Current maturity ( gross of unamortised discount on debenture of Rs. 110.08 lacs )**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%^	Total
upto 12 months^	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>56,830.00</b>	<b>79,580.00</b>

^NCDs amounting to Rs. 23,170.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	10.07%	25,000.00	30-Apr-14
<b>Total</b>		<b>25,000.00</b>	

**Terms of repayment as on March 31, 2013**

**Long term borrowing( gross of unamortised discount on debenture of Rs. 110.08 lacs )**

**(Rs. in lacs)**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%	Total
24-36 months^	-	2,150.00	2,150.00
12-24 months^	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>58,980.00</b>	<b>81,730.00</b>

^NCDs amounting to Rs. 25,320.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	10.07%	25,000.00	1-May-13
<b>Total</b>		<b>25,000.00</b>	

**Current maturity( gross of unamortised discount on debenture of Rs. 784.49 lacs )**

<b>upto 12 months^</b>	<b>22,280.00</b>	<b>25,100.00</b>	<b>47,380.00</b>
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^NCDs amounting to Rs. 27,900.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

**Out of the above NCDs having put/call option are as under**

**(Rs. in lacs)**

Sr No	Rate of interest	Amount	Put/Call option date
1	9.59%	20,000.00	24-Mar-14

<b>Total</b>		<b>20,000.00</b>	
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**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**D) Term loan from bank- Unsecured**

As at March 31, 2014

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	14.00%	Bullet	10,000.00	-
<b>Total</b>			<b>10,000.00</b>	<b>-</b>

As at March 31, 2013

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	14.00%	Bullet	10,000.00	-
Upto 12 months	10.00%	Bullet	-	10,000.00
<b>Total</b>			<b>10,000.00</b>	<b>10,000.00</b>

**E) Term loans from banks -Secured**

As at March 31, 2014

Terms of repayment

Long term borrowing

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.50% to 11.20%	10 to 48 installments of monthly, quarterly & half yearly frequency	126,488.69	32,000.00
36-48 months	10.35% to 11.25%	5 to 48 installments of monthly, quarterly, half yearly & yearly frequency	308,208.36	116,668.67
24-36 months	10.00% to 11.75%	1 to 60 installments of bullet, monthly, quarterly, half yearly & yearly frequency	213,203.52	110,714.29
12-24 months (* refer security details)	9.00% to 12.25%	1 to 60 installments of bullet, monthly, quarterly and half yearly frequency	70,547.99	58,486.01
Upto 12 months	9.75% to 12.75%	1 to 48 installments of bullet, monthly and quarterly frequency	-	74,313.69
<b>Total</b>			<b>718,448.56</b>	<b>392,182.66</b>

(Rs. in lacs)

Nature of security	As at March 31, 2014
a) * includes secured by hypothecation of vehicles for own use	2.91

b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	1,110,628.31
<b>Total</b>	<b>1,110,631.22</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

As at March 31, 2013

Terms of repayment

Long term borrowing

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	10.35% to 10.75%	5 to 20 installments of quarterly and yearly frequency	111,999.95	28,000.00
36-48 months	10.35% to 11.75%	1 to 60 installments of bullet, monthly, quarterly and half yearly frequency	212,414.24	71,190.48
24-36 months (* refer security details)	9.00% to 12.50%	1 to 60 installments of bullet, monthly, quarterly, half yearly frequency	115,710.78	40,435.98
12-24 months	9.50% to 13.00%	1 to 48 installments of bullet, monthly, quarterly, half yearly and yearly frequency	68,474.28	25,701.00
Upto 12 months	9.00% to 13.75%	1 to 48 installments of bullet, monthly, quarterly, half yearly and yearly frequency	-	115,855.11
<b>Total</b>			<b>508,599.25</b>	<b>281,182.57</b>

(Rs. in lacs)

Nature of security	As at March 31, 2013
a) * includes secured by hypothecation of vehicles for own use	5.18
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	789,776.64
<b>Total</b>	<b>789,781.82</b>

**F) Fixed deposits- Unsecured -Refer Note 27**

Terms of repayment as on March 31, 2014

Long term borrowing

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		
	< 10%	>= 10% < 12%	Total
48-60 months	-	9,075.19	<b>9,075.19</b>
36-48 months	-	5,968.13	<b>5,968.13</b>
24-36 months	0.02	134,125.09	<b>134,125.11</b>
12-24 months	14,325.65	28,918.46	<b>43,244.11</b>
<b>Total</b>	<b>14,325.67</b>	<b>178,086.87</b>	<b>192,412.54</b>

Current maturity

(Rs. in lacs)

Upto 12 months	19,502.62	18,509.14	38,011.76
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Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	-	4,424.72	4,424.72
36-48 months	-	5,711.40	5,711.40
24-36 months	7,678.53	28,948.08	36,626.61
12-24 months	2,684.84	18,772.45	21,457.29
<b>Total</b>	<b>10,363.37</b>	<b>57,856.65</b>	<b>68,220.02</b>

Shriram Transport Finance Company Limited

Notes forming part of the financial statements for the year ended March 31, 2014

Current maturity

(Rs. in lacs)

Redeemable at par ( from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
Upto 12 months	55,005.29	11,414.01	66,419.30

(Rs. in lacs)

Total Fixed deposits	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Total Fixed deposits	192,412.54	38,011.76	68,220.02	66,419.30
Less: issued to related parties	2.09	-	-	1.02
<b>Total</b>	<b>192,410.45</b>	<b>38,011.76</b>	<b>68,220.02</b>	<b>66,418.28</b>

G) Term Loan from financial institution/corporates -Secured

As at March 31, 2014

Long term borrowing

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
36-48 months	11.10%	20 installments of quarterly frequency	27,500.00	10,000.00
24-36 months	10.50%	11 installments of quarterly frequency	33,200.00	16,800.00
12-24 months	11.00%	10 installments of quarterly frequency	5,000.00	12,000.00
<b>Total</b>			<b>65,700.00</b>	<b>38,800.00</b>

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2013

Long term borrowing

Terms of repayment

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Non-current portion	Current maturities
48-60 months	11.10%	20 installments of quarterly frequency	37,500.00	10,000.00
24-36 months	11.00%	11 installments of quarterly frequency	17,000.00	12,000.00
Upto 12 months	9.25%	Bullet	-	5,000.00
<b>Total</b>			<b>54,500.00</b>	<b>27,000.00</b>

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

(Rs. in lacs)

Total Long-term borrowings	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Secured borrowings	1,675,341.94	854,738.98	1,432,624.99	602,549.97
Unsecured borrowings	595,866.95	167,923.40	472,679.87	177,695.36
<b>Total Long-term borrowings</b>	<b>2,271,208.89</b>	<b>1,022,662.38</b>	<b>1,905,304.86</b>	<b>780,245.33</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

(Rs.in lacs)

Note 6-Other liabilities	As at March 31, 2014		As at March 31, 2013	
	Long term	Short term	Long term	Short term
Current maturities of long term debts [Refer Note 5]	-	1,022,662.38	-	780,245.33
Interest accrued but not due on loans	48,797.04	100,142.54	57,150.34	79,670.09
Application money on redeemable non convertible debentures	-	-	2,109.76	-
Application money on subordinated debts	-	-	311.59	-
Investor education and protection fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	773.97	-	629.22
- Unclaimed matured deposits and interest accrued thereon	-	4,496.26	-	1,246.86
- Unclaimed matured debentures and interest accrued thereon	-	6,324.62	-	5,402.65
- Unclaimed matured subordinate debts and interest accrued thereon	-	6,295.16	-	3,752.38
Temporary credit balance in bank accounts	-	3,614.54	-	72,368.03
Tax deducted at source	-	1,662.07	-	1,411.26
Service tax payable	-	-	-	5.09
Statutory dues pertaining to employees	-	340.68	-	280.25
Value added tax	-	412.34	-	412.34
Works contract tax payable	-	1.17	-	-
Unrealised gain on securitisation*	35,842.13	78,270.16	57,403.45	130,594.91
Payable to subsidiary company #	-	632.74	-	175.12
Retention and others	14,059.78	-	12,788.89	-
<b>Total</b>	<b>98,698.95</b>	<b>1,225,628.63</b>	<b>129,764.03</b>	<b>1,076,193.53</b>

\* Includes realised gain on premium structure securitization / assignment deals amounting to Rs. 155.31 lacs (March 31, 2013: Rs. 3,455.73 lacs) - Also refer note 2.1 (i) (iv).

# Payable to subsidiary company M/s. Shriram Equipment Finance Company Limited Rs. Nil (March 31, 2013: Rs. 175.12 lacs)

\$ Payable to subsidiary company M/s. Shriram Automall India Limited Rs. 632.74 lacs (March 31, 2013: Rs. Nil)

Note 7- Provisions	As at March 31, 2014		As at March 31, 2013	
	Long term	Short term	Long term	Short term
<b>For employee benefits</b>				
For gratuity	-	44.96	1,624.39	135.67
For leave encashment and availment	-	1,555.75	-	1,361.96
<b>For others</b>				
For non-performing assets	114,759.11	-	79,772.55	-
For standard assets [ Refer note (e) of note 2.1]	5,044.61	3,982.70	4,474.23	3,291.65
For credit loss on securitisation	7,370.36	-	27,597.37	-
For service tax- contested	-	8,793.99	-	8,778.18
For income tax	-	4,360.64	-	4,360.64
[net of advance tax Rs. 166,920.12 lacs (March 31, 2013: Rs. 166,920.12 lacs)]				
Proposed dividend	-	9,075.31	-	9,074.56

Corporate dividend tax	-	1,542.35	-	1,542.23
<b>Total</b>	<b>127,174.08</b>	<b>29,355.70</b>	<b>113,468.54</b>	<b>28,544.89</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

<b>Note 8-Short-term borrowings</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Secured</b>		
Redeemable non convertible debentures	41,000.00	69,750.00
Term loans		
i) From banks	194,799.86	183,800.00
ii) From financial institutions / corporates	10,000.00	-
<b>Loans repayable on demand (Secured)</b>		
Cash credit	35,213.34	98,108.20
<b>Unsecured</b>		
Unsecured redeemable debenture	-	25,000.00
Inter corporate deposits from subsidiary	-	975.00
Term loan from banks	2,200.00	-
Commercial papers from other than banks	16,000.00	37,500.00
Less: unamortized discount	(623.41)	(446.26)
	15,376.59	37,053.74
<b>Total</b>	<b>298,589.79</b>	<b>414,686.94</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

a) **Non-convertible debenture (NCD)-Secured**

i) **Privately placed Redeemable Non-convertible debenture of Rs. 1,000,000/- each**  
**Terms of repayment as on March 31, 2014**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	>=10% <12% <sup>¥</sup>	Total
Upto 12 months	40,000.00	40,000.00

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of interest	Amount	Put/Call option date
1	10.95%	30,000.00	26-Sep-14
2	10.72%	7,500.00	24-Sep-14
3	10.72%	2,500.00	24-Sep-14
<b>Total</b>		<b>40,000.00</b>	

**Terms of repayment as on March 31, 2013**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	< 10%	Total
Upto 12 months	69,750.00	69,750.00

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(ii) **Privately placed Redeemable Non-convertible debenture of Rs. 3,000,000/- each**

(Rs. in lacs)

**Terms of repayment as on March 31, 2014**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest	
	>= 10% < 12% * <sup>¥</sup>	Total
Upto 12 months	1,000.00	1,000.00

\*Partly paid to the extent of Rs. 1,00,000/-

¥ Out of the above NCDs having put/call option are as under

Sr No	Rate of interest	Amount	Put/Call option date
1	10.50%	1,000.00	19-Aug-14

**Terms of repayment as on March 31, 2013**

NCD outstanding is Rs. Nil

**Nature of security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

**b) Term loans from bank -Secured****Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	10.00 % to 11.25%	Bullet	194,799.86
<b>Total</b>			<b>194,799.86</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed current assets relating to hypothecation loans

**Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2013
Upto 12 months	9.90 % to 10.35%	Bullet	183,800.00
<b>Total</b>			<b>183,800.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed current assets relating to hypothecation loans

**c) Term loans from financial institution -Secured****Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
Upto 12 months	10.25%	Bullet	10,000.00
<b>Total</b>			<b>10,000.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

**Terms of repayment**

Term loans from financial institution outstanding is Rs. Nil as on March 31, 2013.

**d) Term loans from bank -Unsecured****Terms of repayment (Rs. in lacs)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2014
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<b>Sheet)</b>			
Upto 12 months	10.00%	Bullet	2,200.00
<b>Total</b>			<b>2,200.00</b>

**Terms of repayment**

Term loans from bank outstanding is Rs. Nil as on March 31, 2013.

- e) **Redeemable non-convertible debentures (NCD)- Unsecured**  
**Privately placed Unsecured Redeemable non-convertible debentures of Rs. 1,000,000/- each**

**Terms of repayment as on March 31, 2014**

Term loans from financial institution outstanding is Rs. Nil as on March 31, 2014.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**Terms of repayment as on March 31, 2013**

(Rs. in lacs)

Redeemable at par within	Rate of interest		Total
	< 10%	>=10% <12%	
Upto 12 months	25,000.00	-	25,000.00
<b>Total</b>	<b>25,000.00</b>	<b>-</b>	<b>25,000.00</b>

- f) **Cash Credit from bank** (Rs. in lacs)

	As at March 31, 2014	As at March 31, 2013
Secured by hypothecation of specific assets covered under hypothecation loan agreements	35,213.34	98,108.20
<b>Total</b>	<b>35,213.34</b>	<b>98,108.20</b>

- g) **Commercial paper**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As on March 31, 2014
Upto 12 months	10.20 % to 10.35 %	Bullet	16,000.00

**Note**

1.) The amount of commercial paper is disclosed at gross value. The amount of unamortised discount on commercial paper is Rs. 623.41 lacs.

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As on March 31, 2013
Upto 12 months	8.96 % to 9.90 %	Bullet	37,500.00

**Note**

1.) The amount of commercial paper is disclosed at gross value. The amount of unamortised discount on commercial paper is Rs. 446.26 lacs.

2.) The Company has bought back commercial paper of Rs. 25,000.00 lacs on February 11, 2013.

- h) **Inter corporate deposits from subsidiary**

Inter corporate deposits from subsidiary is Rs. Nil as on March 31, 2014

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As on March 31, 2013
Upto 12 months	11.00%	Bullet	975.00

(Rs. in lacs)

Total Short-term borrowings	As at March 31, 2014	As at March 31, 2013
Secured borrowings	281,013.20	351,658.20
Unsecured borrowings	17,576.59	63,028.74

<b>Total Short-term borrowings</b>	<b>298,589.79</b>	<b>414,686.94</b>
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**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**  
**Note 9 - Fixed assets**

Particulars	Tangible fixed assets										Intangible assets	
	Land - freehold	Buildings	Plant and equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total Tangible fixed assets	Computer software			
<b>Gross block</b>												
As at April 1, 2012	10.18	526.03	3,788.08	187.72	1,251.01	142.79	3,917.64	9,823.45	789.46			
Additions	0.58	-	2,220.28	48.72	415.07	-	1,324.56	4,009.21	196.84			
Deletions	-	-	306.01	16.54	72.94	60.52	360.36	816.37	-			
Adjustment	-	-	-	-	-	-	-	-	-			
As at March 31, 2013	10.76	526.03	5,702.35	219.90	1,593.14	82.27	4,881.84	13,016.29	986.30			
Additions	3.39	-	2,834.05	91.68	744.52	0.10	3,417.34	7,091.08	89.11			
Deletions	-	138.48	271.85	12.77	116.28	4.22	481.83	1,025.43	-			
Adjustment	-	-	-	-	-	-	-	-	-			
As at March 31, 2014	14.15	387.55	8,264.55	298.81	2,221.38	78.15	7,817.35	19,081.94	1,075.41			
<b>Depreciation</b>												
As at April 1, 2012	-	119.26	2,174.63	99.44	647.41	92.74	3,065.27	6,198.75	643.29			
Charge for the year	-	8.58	733.34	26.37	300.58	5.71	591.75	1,666.33	164.45			
Deletions	-	-	250.45	7.97	53.85	30.62	332.58	675.47	-			
Adjustment	-	-	-	-	-	-	-	-	-			
As at March 31, 2013	-	127.84	2,657.52	117.84	894.14	67.83	3,324.44	7,189.61	807.74			
Charge for the year	-	7.33	1,118.14	43.37	512.19	4.57	1,122.68	2,808.28	103.18			
Deletions	-	41.48	216.99	8.29	85.41	4.01	461.55	817.73	-			
Adjustment	-	-	-	-	-	-	-	-	-			
As at March 31, 2014	-	93.69	3,558.67	152.92	1,320.92	68.39	3,985.57	9,180.16	910.92			
<b>Net block</b>												
As at March 31, 2013	10.76	398.19	3,044.83	102.06	699.00	14.44	1,557.40	5,826.70	178.56			
As at March 31, 2014	14.15	293.86	4,705.88	145.89	900.46	9.76	3,831.78	9,901.78	164.49			

Depreciation and amortisation	(Rs. in lacs)	
	March 31, 2014	Year ended March 31, 2013
on tangible assets	2,808.28	1,666.33
on intangible assets	103.18	164.45
on investment property	2.33	2.31
<b>Total</b>	<b>2,913.79</b>	<b>1,833.09</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**Note 10 - Non-current investments**

**(Rs. in lacs)**

	<b>Non-current Investments</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>1</b>	Investment property (net of depreciation)	197.47	199.78
<b>2</b>	Non trade :		
<b>A. a)</b>	Investment in Equity shares-quoted	-	240.00
<b>A. b)</b>	Investment in Equity shares-unquoted	4,065.00	4,207.51
<b>A. c)</b>	Investment in Preference shares	25,000.00	25,100.00
<b>B.</b>	Investment in Government securities	33,089.48	23,778.56
<b>C.</b>	Investment in Subordinated debts	5,000.00	5,000.00
<b>D.</b>	Investment in Venture capital fund	1,453.04	873.15
	Less : Aggregate provision for diminution in value of investments	(25.00)	(167.50)
	<b>Total</b>	<b>68,779.99</b>	<b>59,231.50</b>

**(Rs. in lacs)**

	<b>Particulars</b>	<b>Face value (Rs.)</b>	<b>Quantity</b>		<b>Amount</b>	
			<b>As at March 31, 2014</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2013</b>
<b>1</b>	<b>Investment property</b> (at cost less accumulated depreciation)					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			14.19		11.88
	<b>Net block</b>			<b>197.47</b>		<b>199.78</b>
<b>2</b>	<b>Non trade</b> (valued at cost unless stated otherwise)					
<b>A.</b>	<b>Shares : Fully paid up</b>					
	<b>a) Quoted - Equity shares</b>					
	<b>Investment in associates</b>					
	Shriram Asset Management Company Limited (40% Share) # (Sold during the year)	10	-	-	2,400,000	240.00
	<b>b) Unquoted - Equity shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited @	10	10,000,000	1,000.00	10,000,000	1,000.00
	Shriram Automall India Limited	10	30,000,000	3,000.00	30,000,000	3,000.00
	Shriram Insurance Broking Company Limited [Refer Note 29] (Company wound up during the year)	10	-	-	60	0.01
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited [At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2013: Rs. 25.00 lacs)]	10	25,000	-	25,000	-
	Ashley Transport Services Limited (Company dissolved during the year) [At cost less provision for other than temporary diminution in value of Rs. Nil (March 31, 2013: Rs. 142.50 lacs)]	100	-	-	225,000	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

	Particulars	Face value (Rs.)	Quantity	Amount	Quantity	Amount
			As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
	<b>c) Unquoted - Preference shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited	100	25,000,000	25,000.00	25,000,000	25,000.00
	<b>Investment in associates</b>					
	Shriram Asset Management Company Limited (Sold 100,000 shares of Rs. 100/- each during the year)	100	-	-	100,000	100.00
<b>B.</b>	<b>Quoted-Government Securities [Refer note 27]</b>					
	6.13% GOI Loan 2028	100	176,000	177.47	176,000	177.57
	6.35% GOI Loan 2020	100	2,500,000	2,385.64	2,500,000	2,365.79
	6.49% GOI Loan 2015	100	500,000	495.73	500,000	492.13
	6.90% GOI Loan 2019	100	5,000,000	4,793.75	5,000,000	4,754.74
	7.02% GOI Loan 2016	100	400,000	397.02	400,000	395.77
	7.80% GOI Loan 2020	100	2,500,000	2,495.30	2,500,000	2,494.53
	8.13% GOI Loan 2022	100	2,500,000	2,502.31	2,500,000	2,502.58
	8.24% GOI Loan 2027	100	500,000	497.28	500,000	497.06
	8.26% GOI Loan 2027	100	2,500,000	2,454.90	2,500,000	2,484.32
	8.26% GOI Loan 2027	100	5,000,000	4,909.80	5,000,000	4,870.24
	8.97% GOI Loan 2030	100	2,500,000	2,668.33	2,500,000	2,743.83
	8.33% GOI Loan 2026 (Purchased during the year)	100	2,500,000	2,331.34	-	-
	8.28% GOI loan 2027 (Purchased during the year)	100	5,000,000	6,980.61	-	-
<b>C.</b>	<b>Unquoted -Investment in Subordinate debts</b>					
	Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
<b>D.</b>	<b>Unquoted- Venture Capital Fund</b>					
	ICICI Investment Management Company Limited	10,000	14,530	1,453.04	8,731	873.15
	<b>Total</b>			<b>68,779.99</b>		<b>59,231.50</b>
	<b>Aggregate Value of Quoted Investments</b>					
	Cost of acquisition			33,089.48		24,018.57
	Market value			29,430.21		24,681.26
	<b>Aggregate Value of Unquoted Investments</b>					
	Cost of acquisition			35,518.04		35,180.65
	<b>Aggregate Provision for diminution in value of investments</b>			25.00		167.50

# These shares are subject to restrictive covenants of regulatory authority.

@ 3,000,000 shares have been pledged against loan availed by subsidiary from Bank.

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

**(Rs. in lacs)**

<b>Note 11-Deferred tax assets (net)</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	547.80	433.13
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,440.61	4,128.59
Provision for securitization	18,240.09	22,110.15
Provision for standard assets	3,068.38	2,519.64
<b>Gross deferred tax assets (A)</b>	<b>26,296.88</b>	<b>29,191.51</b>
<b>Deferred tax liability</b>		
Debenture Issue Expenses	1,180.65	808.71
<b>Gross deferred tax liability (B)</b>	<b>1,180.65</b>	<b>808.71</b>
<b>Net deferred tax assets (A-B)</b>	<b>25,116.23</b>	<b>28,382.80</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

Note 12 -Loans and advances	As at March 31, 2014		As at March 31, 2013	
	Non Current portion	Current portion #	Non Current portion	Current portion #
<b>Unsecured, considered good</b>				
Capital advances	148.63	-	610.68	-
Security deposits	3,077.40	827.03	2,075.85	1,095.16
<b>Secured, considered good</b>				
Hypothecation loans	1,943,326.59	1,442,774.55	1,743,738.16	1,206,603.62
Retained interest on securitisation	41,178.54	40,768.00	31,172.67	21,172.94
Other loans	10.19	30.05	82.80	39.97
Securitisation deferred consideration receivable	37,139.46	79,937.37	54,636.13	130,077.34
<b>Unsecured, considered good</b>				
Unsecured loans <sup>^</sup>	12,928.42	102,133.39	9,682.50	84,315.21
Advance - hypothecation loans	1,007.45	-	1,873.60	-
Debtors on securitisation [net of delinquency provision Rs. 46,292.75 lacs (March 31, 2013: Rs. 37,541.27 lacs)]	-	34.09	-	1,189.05
<b>Unsecured, considered good</b>				
Advance recoverable from subsidiaries [ Refer note 28]*\$	14,152.06	189.96	-	438.50
<b>Doubtful</b>				
Secured hypothecation loans	139,211.07	-	94,377.74	-
Other loans	350.64	-	615.32	-
Unsecured loan	5,452.50	-	3,175.33	-
Advances recoverable in cash or in kind or for value to be received	36.14	-	36.14	-
<b>Other loans and advances -Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received	3,327.54	9,095.98	973.72	2,898.66
Service tax credit (input) receivable	-	2,308.62	-	752.43
Prepaid expenses	155.26	813.28	362.13	901.41
Advance income tax (net of provision for taxation) [Refer Note 33]	8,405.89	-	4,940.91	-
[net of provision for income tax Rs. 237,687.55 lacs (March 31, 2013: Rs. 182,570.63 lacs)]				
<b>Total</b>	<b>2,209,907.78</b>	<b>1,678,912.32</b>	<b>1,948,353.68</b>	<b>1,449,484.29</b>

# Includes current maturities of long term loans and advances

<sup>^</sup> Advance given to the company in which a director is interested Rs. Nil (March 31, 2013: Rs. 136.29 lacs)

\* Advance given to subsidiary M/s. Shriram Equipment Finance Company Limited Rs. 14,342.02 lacs (March 31, 2013: Rs. 319.67 lacs)

\$ Advance given to subsidiary M/s. Shriram Automall India Limited Rs. Nil (March 31, 2013: Rs. 118.83 lacs )

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

Note 13 -Other assets	As at March 31, 2014		As at March 31, 2013	
	Non Current portion	Current portion	Non Current portion	Current portion
<b>Unsecured, considered good</b>				
Fixed deposits with banks (Note 15)	0.50	-	-	-
Margin money deposit with banks (Note 15)	6,374.05	-	14,217.60	-
Interest accrued on investments	-	1,029.29	-	1,148.20
Interest accrued on fixed deposits with banks	372.08	5,302.51	505.43	5,323.66
Public issue expenses for non convertible debentures	1,957.42	1,516.10	1,401.11	1,091.46
Issue expenses for equity shares	738.45	152.77	891.22	152.77
<b>Total</b>	<b>9,442.50</b>	<b>8,000.67</b>	<b>17,015.36</b>	<b>7,716.09</b>

**Note 14 - Current investments**

(Rs. in lacs)

Current investments		As at March 31, 2014	As at March 31, 2013
<b>1</b>	Investment in Government securities	-	85.03
<b>2 a)</b>	Investment in Certificate of deposit with banks	203,561.74	297,574.60
<b>2 b)</b>	Investment in Mutual fund	201.40	-
	Less : Aggregate provision for diminution in value of investments	(16.81)	-
	<b>Total</b>	<b>203,746.33</b>	<b>297,659.63</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

	Particulars	Face value (Rs.)	Quantity		Amount	
			As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
1	<b>Current portion of long term investments</b> (valued at cost unless otherwise mentioned) <b>Quoted: Government Securities</b> [Refer note 27] 12.40% GOI Loan 2013 This security is redeemable on August 20, 2013 at par	100	-	-	85,000	85.03
2	<b>Current Investments</b> (At lower of cost and fair value)					
a)	<b>Unquoted: Investment in Certificate of Deposit with Banks</b>					
	Allahabad Bank		20,000	19,587.42	-	-
	Andhra Bank [At cost less provision for diminution in value of Rs. 9.39 lacs (March 31, 2013: Rs. Nil) ]		30,000	29,458.76	20,000	18,436.20
	Axis Bank		-	-	30,000	29,229.36
	Bank of Baroda [At cost less provision for diminution in value of Rs. 0.01 lacs (March 31, 2013: Rs. Nil) ]		2,500	2,452.54	2,500	2,309.57
	Bank of India		-	-	2,500	2,442.49
	Canara Bank		-	-	20,000	19,584.48
	Central Bank of India		10,000	9,896.90	20,000	19,564.42
	Federal Bank Limited		-	-	10,000	9,837.48
	HDFC Bank Limited		-	-	5,000	4,900.71
	ICICI Bank Limited		-	-	20,000	19,708.42
	Industrial Development Bank of India Limited [At cost less provision for diminution in value of Rs. 7.41 lacs (March 31, 2013: Rs. Nil) ]		25,000	24,556.87	20,000	19,583.62
	Indian Bank		-	-	20,000	19,205.82
	Indusind Bank Limited		10,000	9,797.95	20,000	19,563.69
	Karur Vysya Bank		-	-	20,000	19,590.16
	Punjab National Bank		-	-	11,000	10,818.19
	South Indian Bank		30,000	29,330.27	-	-
	State Bank of Bikaner & Jaipur		-	-	5,000	4,913.45
	Syndicate Bank		20,000	19,670.98	20,000	19,130.18
	UCO Bank		30,000	29,301.33	-	-
	Union Bank of India		20,000	19,670.98	-	-
	United Bank of India		-	-	40,000	39,135.10
	Vijaya Bank		10,000	9,820.93	20,000	19,621.26
b)	<b>Quoted: Investment in Mutual Fund</b>					
	Shriram Equity & Debt Opportunities Fund	10	2,000,000	200.00	-	-
	Direct DWS Insta Cash Plus Fund - Direct Plan - Growth	10	840.33	1.40	-	-
	<b>Total</b>			<b>203,746.33</b>		<b>297,659.63</b>
	<b>Aggregate Value of Quoted Investments</b>					
	Cost of acquisition			201.40		85.03
	Market Value			213.32		87.31
	<b>Aggregate Value of Unquoted Investments</b>					
	Cost of acquisition			203,544.93		297,574.59
	<b>Aggregate Provision for diminution in value of investments</b>			16.81		-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

Notes 15 -Cash and bank balances	As at March 31, 2014		As at March 31, 2013	
	Non-current portion	Current portion	Non-current portion	Current portion
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	184,449.84	-	374,352.42
Unpaid dividend accounts	-	773.96	-	629.22
Deposits with original maturity of less than three months	-	260,596.00	-	57,537.00
ii) Cheques on hand	-	1,976.67	-	4,997.28
iii) Cash on hand	-	13,587.88	-	9,478.19
iv) Call Money (CBLO)	-	69,882.53	-	-
	-	<b>531,266.88</b>	-	<b>446,994.11</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	0.50	290.80	-	290.80
Deposits with original maturity for more than 3 months but less than 12 months	-	31,878.40	-	24,735.24
Margin money deposit#	6,374.05	145,161.68	14,217.60	159,912.75
	<b>6,374.55</b>	<b>177,330.88</b>	<b>14,217.60</b>	<b>184,938.79</b>
<b>Amount disclosed under non-current assets [ Refer Note 13]</b>	<b>(6,374.55)</b>		<b>(14,217.60)</b>	
<b>Total</b>	-	<b>708,597.76</b>	-	<b>631,932.90</b>

# Includes deposits of Rs. 139,935.51 lacs (March 31, 2013 : Rs. 151,893.09 lacs) pledged with Banks as margin for credit enhancement, Rs. 11,194.65 lacs (March 31, 2013: Rs. 21,995.05 lacs) as margin for guarantees and Rs. 405.57 lacs (March 31, 2013: Rs. 242.22 lacs) pledged as lien against loans taken.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

<b>Note 16 - Revenue from operations</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
<b>Interest income on:-</b>		
- loan portfolio and related charges	583,812.47	432,726.05
- securitisation and direct assignment	85,372.36	175,165.21
- margin money on securitisation/ assignments	13,354.78	12,819.22
- pass through certificates*	48,304.69	12,066.44
- deposits with banks	6,421.74	1,576.39
- long- term investments	2,725.87	2,201.92
- current investments	2,864.01	3,008.35
<b>Other financial services</b>		
Reversal of provision for credit loss on securitisation	11,475.54	-
Income from portfolio management services	85.67	269.82
Income from commission services	3,617.42	1,511.05
Bad debt recovery	474.08	572.33
Dividend on long- term investments [includes dividend from subsidiary Rs. 2.50 lacs (March 31, 2013: Rs. 2.50 lacs)]	3.00	3.00
Dividend on current investments	-	120.12
Profit on sale of long term investments (net)	134.40	-
Profit on sale of current investments (net)	29,363.67	13,773.52
<b>Total</b>	<b>788,009.70</b>	<b>655,813.42</b>

\* includes Rs 16,501.23 lacs (March 31, 2013: Rs. Nil) of income on pass through certificates where distribution tax has been deducted by the trustees as per section 115TA of Income Tax Act.

<b>Note 17 - Other income</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Income from operating lease	10.14	9.94
Profit on sale of assets (net)	308.21	-
Miscellaneous income	497.86	535.63
<b>Total</b>	<b>816.21</b>	<b>545.57</b>

(Rs. in lacs)

<b>Note 18 Employee benefit expenses</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Salaries, other allowances and bonus	37,485.00	35,947.12
Gratuity expenses	207.03	540.08
Contribution to provident and other funds	2,079.94	1,688.02
Expense on Employee Stock Option Scheme**	0.90	(86.69)
Staff welfare expenses	1,113.10	801.67
<b>Total</b>	<b>40,885.97</b>	<b>38,890.20</b>

\*\* Negative amount in the year ended March 31, 2013 owing to forfeiture of options granted to employees in the past along with option lapse on account of employee resignation against which ESOP expense were duly booked in the past over the vesting period of such options.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**(Rs. in lacs)**

<b>Note 19 - Finance cost</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
<b>Interest expense</b>		
Debtentures	157,834.99	115,939.70
Subordinated debts	49,898.36	42,613.42
Fixed deposits	18,404.23	13,520.29
Loans from banks	126,487.99	83,308.85
Loans from institutions and others	9,939.64	4,950.72
Commercial paper	1,647.01	4,866.22
<b>Other borrowing costs</b>		
Professional charges - resource mobilisation	9,239.80	5,283.74
Processing charges on loans	1,045.75	1,166.33
Brokerage	12,270.88	9,997.32
Sourcing fees	716.59	620.39
Service charges	4,299.56	3,710.35
Amortisation of NCD public issue expenses	1,467.06	1,578.01
<b>Total</b>	<b>393,251.86</b>	<b>287,555.34</b>

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

<b>Note 20 -Other expenses</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Rent	7,370.68	6,430.43
Electricity expenses	930.76	715.57
Repairs & maintenance		
- Buildings	0.29	1.68
- Others	890.26	912.01
Rates & taxes	168.27	361.50
Printing & stationery	1,350.57	1,821.41
Travelling & conveyance	10,442.15	2,836.22
Advertisement	156.27	578.00
Business promotion	2,486.02	940.34
Royalty	2,093.94	1,780.99
Directors' sitting fees	10.93	7.49
Insurance	39.43	20.23
Communication expenses	4,074.20	2,562.04
Payment to auditor [ Refer Note 32]		
As Auditor:		
- Audit fees	122.64	126.25
- Tax audit fees	6.90	7.21
- Out of pocket	4.60	6.10
In any other manner:		
- Certification	2.34	1.79
Bank charges	3,049.29	3,267.86
Processing charges on securitization	5.31	5.31
Professional charges on securitization	5,709.05	6,656.22
Legal & professional charges	2,724.68	2,060.27
Donations	477.25	499.50
Loss on sale of fixed assets (net)	-	47.11
Issue expenses for equity shares	152.78	152.78
Service charges	3,937.95	3,517.01
Miscellaneous expenses	7,883.78	6,061.34
<b>Total</b>	<b>54,090.34</b>	<b>41,376.66</b>

(Rs. in lacs)

<b>Note 21 - Provisions and write offs</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Provision for non performing assets	34,062.10	18,004.49
Provision for standard assets [ Refer note (e) of note 2.1]	1,261.43	2,276.04
Provision for credit loss on securitisation	-	17,617.43
Provision for diminution in value of investments*	16.81	(178.66)
Bad debts written off	79,539.35	47,365.29
<b>Total</b>	<b>114,879.69</b>	<b>85,084.59</b>

\* Negative amount in the year ended March 31, 2013 owing to provision for diminution in value of investments booked on current investments during previous year ended March 31, 2012 written back on sale in the year ended March 31, 2013.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**22 Earnings per share**

<b>Particulars</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Net Profit after tax as per statement of profit and loss (Rs. in lacs) <b>(A)</b>	126,420.77	136,062.01
Weighted average number of equity shares for calculating basic EPS (in lacs) <b>(B)</b>	2,268.76	2,268.32
Weighted average number of equity shares for calculating diluted EPS (in lacs) <b>(C)</b>	2,268.76	2,268.50
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) <b>(A) / (B)</b>	55.72	59.98
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) <b>(A) / (C)</b>	55.72	59.98

<b>Particulars</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
Weighted average number of equity shares for calculating basic EPS (in lacs)	2,268.76	2,268.32
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	-	0.18
Weighted average number of equity shares in calculating diluted EPS (in lacs)	2,268.76	2,268.50

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**23 Gratuity and other post-employment benefit plans:**

The company has an defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

During the year the company has funded Rs. 1,849.88 lacs for gratuity being defined benefit obligation outstanding as on September 30, 2013.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

**Statement of profit and loss**

Net employee benefit expense (recognized in the Statement of profit and loss)

**(Rs. in lacs)**

Particulars	Gratuity	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	309.42	265.80
Interest cost on benefit obligation	140.81	116.01
Expected return on plan assets	Nil	Not applicable
Net actuarial (gain) / loss recognised in the year	(243.20)	158.27
Past service cost	Nil	Nil
<b>Net benefit expense*</b>	<b>207.03</b>	<b>540.08</b>
Actual return on plan assets	46.75	Not applicable

* Net benefit expense includes	Year ended March 31, 2014	Year ended March 31, 2013
transferred from subsidiary company	10.93	10.84
transferred to subsidiary company	(3.29)	(29.01)
transferred from other company	0.10	Nil
transferred to other company	Nil	(17.24)

**Balance sheet**

Benefit asset/(liability)

**(Rs. in lacs)**

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	1,941.59	1,760.07
Fair value of plan assets	1,896.63	Not applicable
Surplus/(deficit)	(44.96)	(1,760.07)
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability) *</b>	<b>(44.96)</b>	<b>(1,760.07)</b>

\* Disclosed under Note 7- Provisions

Changes in the present value of the defined benefit obligation are as follows:

**(Rs. in lacs)**

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Opening defined benefit obligation	1,760.07	1,364.76
Interest cost	140.81	116.00
Current service cost	309.42	265.80
Benefits paid	(72.26)	(144.76)
Actuarial (gains) / losses on obligation	(196.45)	158.27
<b>Closing defined benefit obligation</b>	<b>1,941.59</b>	<b>1,760.07</b>

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

Changes in the fair value of the plan assets are as follows:

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Opening fair value of plan assets	Nil	Not applicable
Expected return	Nil	Not applicable
Contributions by employer	1,849.88	Not applicable
Benefits paid	Nil	Not applicable
Actuarial gains /( losses)	46.75	Not applicable
<b>Closing fair value of plan assets</b>	<b>1,896.63</b>	<b>Not applicable</b>

The Company did not contribute any amount to gratuity in 2012-13 as the scheme was unfunded.

The Company expects to contribute Rs. 355.15 lacs to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
	%	%
Investments with insurer	100	Not applicable

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Discount rate	9.36%	8.00%
Expected rate of return on assets	8.70%	Not applicable
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	5% and 10%	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*5% in case of employees with service period of more than 5 years and 10% for all other employees.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current year and previous four years are as follows:

(Rs. in lacs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	1,941.59	1,760.07	1,364.76	903.67	612.63
Plan assets	1,896.63	Not applicable	Not applicable	Not applicable	Not applicable
Surplus / (deficit)	(44.96)	(1,760.07)	(1,364.76)	(903.67)	(612.63)
Experience adjustments on plan liabilities (gains)/losses	56.98	72.75	338.86	74.98	55.56
Experience adjustments on plan assets (losses)/gains	46.75	Not applicable	Not applicable	Not applicable	Not applicable

**24 Segment information**

The company is engaged in financing activities. It operates in a single business and geographical segment.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

<b>25 Employee stock option plan</b>						
	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>	<b>Series V</b>	<b>Series VI</b>
Date of grant	31-Oct-05	1-Apr-06	9-Oct-06	17-Aug-07	15-Jul-08	13-May-09
Date of Board/committee Approval	19-Oct-05	22-Feb-06	6-Sep-06	17-Aug-07	15-Jul-08	13-May-09
Date of Shareholder's approval	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05
Number of options granted	2,962,500	832,500	910,000	109,000	77,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity
<b>Graded Vesting Period</b>						
After 1 year of grant date	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.					

The Serieswise details have been summarized below:

**March 31, 2014**

	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>	<b>Series V</b>	<b>Series VI</b>
	<b>Number of Shares</b>					
Outstanding at the beginning of the period (Number of Shares)	-	-	4,000	-	-	14,800
Add: Granted during the period (Number of Shares)	-	-	-	-	-	-
Less: Forfeited during the period (Number of Shares)	-	-	-	-	-	-
Less: Exercised during the period (Number of Shares)	-	-	4,000	-	-	14,800
Less: Expired during the period (Number of Shares)	-	-	-	-	-	-
Outstanding at the end of the period (Number of Shares)	-	-	-	-	-	-
Exercisable at the end of the period (Number of Shares)	-	-	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-	-	-
Weighted average fair value of options granted	59.04	91.75	74.85	136.40	253.90	201.45
Weighted Average Exercise Price(Rs.)	35.00	35.00	35.00	35.00	35.00	35.00

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**March 31, 2013**

	Series I	Series II	Series III	Series IV	Series V	Series VI
	Number of Shares					
Outstanding at the beginning of the period (Number of Shares)	81,900	13,500	39,050	-	28,400	32,900
Add: Granted during the period (Number of Shares)	-	-	-	-	-	-
Less: Forfeited during the period (Number of Shares)	-	-	-	-	-	-
Less: Exercised during the period (Number of Shares)	10,400	6,000	11,400	-	23,600	11,100
Less: Expired during the period (Number of Shares)	71,500	7,500	23,650	-	4800	7,000
Outstanding at the end of the period (Number of Shares)	-	-	4,000	-	-	14,800
Exercisable at the end of the period (Number of Shares)	-	-	4,000	-	-	-
Weighted average remaining contractual life (in years)	5.09	5.49	6.01	6.88	7.78	8.60
Weighted average fair value of options granted	59.04	91.75	74.85	136.40	253.90	201.45
Weighted Average Exercise Price(Rs.)	35.00	35.00	35.00	35.00	35.00	35.00

The weighted average share price for the period over which stock options were exercised was Rs.650.99 (March 31, 2013: Rs. 660.98)

The details of exercise price for stock options outstanding at the end of the year are:

**March 31, 2014**

There are no stock options outstanding as at March 31, 2014.

**March 31, 2013**

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	Rs. 35/-	-	5.09	Rs. 35/-
Series II	Rs. 35/-	-	5.49	Rs. 35/-
Series III	Rs. 35/-	4,000	6.01	Rs. 35/-
Series IV	Rs. 35/-	-	6.88	Rs. 35/-
Series V	Rs. 35/-	-	7.78	Rs. 35/-
Series VI	Rs. 35/-	14,800	8.60	Rs. 35/-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**Stock Options granted**

**Series I:**

The weighted average fair value of stock options granted was Rs. 59.04. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2005	2006	2007	2008
Weighted average share price (Rs.)	93.30	93.30	93.30	93.30
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

**Series II :**

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	130.10	130.10	130.10	130.10
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

**Series III :**

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	111.25	111.25	111.25	111.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**Series IV :**

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2007	2008	2009	2010
Weighted average share price (Rs.)	168.05	168.05	168.05	168.05
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

**Series V :**

The weighted average fair value of stock options granted was Rs. 253.90. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2008	2009	2010	2011
Weighted average share price (Rs.)	294.50	294.50	294.50	294.50
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	69.22	69.22	69.22	69.22
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63

**Series VI :**

The weighted average fair value of stock options granted was Rs. 201.45. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2009	2010	2011	2012
Weighted average share price (Rs.)	245.25	245.25	245.25	245.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

	As at March 31, 2014	As at March 31, 2013
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	0.90	(86.69)
Liability for employee stock options outstanding as at year end	-	34.00
Deferred compensation cost	-	0.90

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:**

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Profit as reported (Rs. in lacs)	126,420.77	136,062.01
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	0.90	(86.69)
Less: Employee stock compensation under fair value method (Rs. in lacs)	0.86	(80.20)
Proforma profit (Rs. in lacs)	126,420.81	136,055.52
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	55.72	59.98
- Proforma	55.72	59.98
<b>Diluted (Rs.)</b>		
- As reported	55.72	59.98
- Proforma	55.72	59.98
Nominal Value	Rs. 10.00	Rs. 10.00

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**26 Leases**

**In case of assets taken on lease**

The company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 7,370.68 lacs (March 31, 2013: Rs. 6,430.43 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 6 to 144 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
<b>Minimum Lease Payments:</b>		
Not later than one year	929.23	876.92
Later than one year but not later than five years	1,519.86	679.04
Later than five years	453.84	58.81

- 27** In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 34,076.00 lacs (March 31, 2013: Rs. 24,161.00 lacs) in favour of trustees representing the public deposit holders of the Company.

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**28 Related Parties Disclosure**

**Related party where control exists**

Subsidiary : Shriram Equipment Finance Company Limited.  
( SEFCL)  
Shriram Automall India Limited ( SAMIL)  
Shriram Insurance Broking Company Limited (SIBCL)  
(upto December 13, 2013)

**Other related parties**

Enterprises having significant influence  
over the Company : Shriram Holdings (Madras) Private Limited (upto  
November 05, 2012)  
Shriram Capital Limited  
Newbridge India Investments II Limited (upto May 10,  
2013)  
Shriram Ownership Trust  
Shriram Financial Ventures (Chennai) Private Limited  
( w.e.f. August 31, 2012)

Associates : Shriram Asset Management Company Limited (upto  
June 18, 2013)

Key Management Personnel : Mr. Umesh Revankar, Managing Director

Relatives of Key Management Personnel : Mrs. Suchita U. Revankar (spouse)  
Master Shirish U. Revankar ( son)  
Master Shreyas U. Revankar (son)  
Mrs. Geeta G. Revankar (mother)

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Payments/Expenses</b>												
Employee benefits for key management personnel	-	-	-	-	-	-	48.18	43.56	-	-	48.18	43.56
Royalty paid to Shriram Ownership Trust	2,093.94	1,780.99	-	-	-	-	-	-	-	-	2,093.94	1,780.99
Data sourcing fees paid to Shriram Ownership Trust	716.59	620.39	-	-	-	-	-	-	-	-	716.59	620.39
Service charges paid to Shriram Ownership Trust	4,299.56	3,722.35	-	-	-	-	-	-	-	-	4,299.56	3,722.35
Service charges paid to Shriram Capital Limited	3,937.95	3,517.01	-	-	-	-	-	-	-	-	3,937.95	3,517.01
Equity dividend paid $\Omega$												
- Shriram Capital Limited	4,104.08	1,755.08	-	-	-	-	3.13	1.52	-	-	4,104.08	1,755.08
Non-convertible debenture matured $\Omega$	-	-	-	-	-	-	-	-	-	-	-	-
Fixed deposit matured	-	-	-	-	-	-	-	-	2.01	1.09	2.01	1.09
Interest on fixed deposit	-	-	-	-	-	-	-	-	1.02	-	1.02	-
Interest on subordinated debt	-	-	-	-	-	-	17.50	76.30	0.15	0.12	0.15	0.12
Interest on non-convertible debenture	-	-	-	-	-	0.12	0.62	-	0.07	0.04	17.57	76.34
Investment in equity shares in Shriram Insurance Broking Company Limited $\Omega$	-	-	-	-	-	-	-	-	1.64	1.18	1.98	1.80
Investment in preference shares $\Omega$	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits paid $\Omega$	-	-	-	-	-	-	100.00	-	-	-	-	100.00
- Shriram Capital Limited	-	17.24	-	-	-	-	-	-	-	-	-	17.24
- Shriram Automall India Limited	-	-	9.18	86.90	-	-	-	-	-	-	9.18	86.90

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Payments/Expenses</b>												
Rent paid			0.39	2.26							0.39	2.26
- Shriram Automall India Limited	-	-	383.87	83.10	-	-	-	-	-	-	383.87	83.10
- Shriram Capital Limited	20.55	-	-	-	-	-	-	-	-	-	20.55	-
Interest paid on unsecured Loan												
- Shriram Automall India Limited	-	-	156.86	26.45	-	-	-	-	-	-	156.86	26.45
Business mobilisation expenses paid to Shriram Automall India Limited	-	-	147.43	155.15	-	-	-	-	-	-	147.43	155.15
Staff cost paid to Shriram Automall India Limited	-	-	-	78.07	-	-	-	-	-	-	-	78.07
Other administrative expenses paid to												
- Shriram Insurance Broking Company Limited	-	-	0.02	1.40	-	-	-	-	-	-	0.02	1.40
- Shriram Capital Limited	5.11	-	-	-	-	-	-	-	-	-	5.11	-
- Shriram Automall India Limited	-	-	8.59	-	-	-	-	-	-	-	8.59	-
Branch opening expenses paid to Shriram Automall India Limited	-	-	11.22	-	-	-	-	-	-	-	11.22	-
Service contract paid to Shriram Automall India Limited	-	-	46.54	-	-	-	-	-	-	-	46.54	-
Unsecured loan given to												
- Shriram Insurance Broking Company Limited	-	-	-	0.15	-	-	-	-	-	-	-	0.15
- Shriram Capital Limited	-	34,500.00	-	-	-	-	-	-	-	-	-	34,500.00
- Shriram Automall India Limited			504.08	-							504.08	-
- Shriram Equipment Finance Company Limited	-	-	16,423.58	-	-	-	-	-	-	-	16,423.58	-
Inter-corporate deposit paid												
- Shriram Automall India Limited	-	-	2,375.00	-	-	-	-	-	-	-	2,375.00	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Receipts/Income</b>												
Expenses												
- Shriram Automall India Limited	-	-	133.57	171.85	-	-	-	-	133.57	-	133.57	171.85
- Shriram Equipment Finance Company Limited	-	-	282.84	249.12	-	-	-	-	282.84	-	282.84	249.12
Unsecured loan repaid µ												
- Shriram Insurance Broking Company Limited	-	-	0.15	-	-	-	-	-	0.15	-	0.15	-
- Shriram Capital Limited	-	37,000.00	-	-	-	-	-	-	-	-	-	37,000.00
- Shriram Automall India Limited	-	-	1,722.33	673.08	-	-	-	-	1,722.33	-	1,722.33	673.08
- Shriram Equipment Finance Company Limited	-	-	2,096.40	40,897.24	-	-	-	-	2,096.40	-	2,096.40	40,897.24
Unsecured loan received µ												
- Shriram Automall India Limited	-	-	1,400.00	975.00	-	-	-	-	1,400.00	-	1,400.00	975.00
Interest Received on unsecured loan												
- Shriram Capital Limited	-	1,167.43	-	-	-	-	-	-	-	-	-	1,167.43
- Shriram Equipment Finance Company Limited	-	-	1,854.47	2,213.71	-	-	-	-	1,854.47	-	1,854.47	2,213.71
Rent and electricity												
- Shriram Capital Limited	11.32	15.17	-	-	-	-	-	-	-	-	11.32	15.17
- Shriram Automall India Limited	-	-	90.29	17.59	-	-	-	-	90.29	-	90.29	17.59
- Shriram Asset Management Company Limited	-	-	1.16	5.40	-	-	-	-	1.16	-	1.16	5.40
Employee benefits received µ												
- Shriram Equipment Finance Company Limited	-	-	1.01	-	-	-	-	-	-	-	1.01	-
- Shriram Automall India Limited	-	-	18.87	18.61	-	-	-	-	18.87	-	18.87	18.61

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in Laacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Receipts/Income</b>												
Non-convertible debenture µ	-	-	-	-	-	-	-	-	3.29	2.38	3.29	2.38
Fixed deposit µ	-	-	-	-	-	-	-	-	2.09	-	2.09	-
Subordinated Debts µ	-	-	-	-	-	-	-	-	0.80	-	0.80	-
Application money of NCD µ	-	-	-	-	-	-	-	-	-	0.50	-	0.50
Dividend on preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Shriram Equipment Finance Company Limited	-	-	2.50	2.50	-	-	-	-	-	-	2.50	2.50
<b>Balance Outstanding at the year end</b>												
Share capital	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	5,910.32	5,850.28	-	-	-	-	5.52	5.08	-	-	5.52	5.08
Investment in equity shares	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Equipment Finance Company Limited	-	-	1,000.00	1,000.00	-	-	-	-	-	-	1,000.00	1,000.00
- Shriram Automall India Limited	-	-	3,000.00	3,000.00	-	-	-	-	-	-	3,000.00	3,000.00
- Shriram Insurance Broking Company Limited	-	-	-	0.01	-	-	-	-	-	-	-	0.01
- Shriram Asset Management Company Limited	-	-	-	-	-	240.00	-	-	-	-	-	240.00
Investment in preference shares	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Equipment Finance Company Limited	-	-	25,000.00	25,000.00	-	-	-	-	-	-	25,000.00	25,000.00
- Shriram Asset Management Company Limited	-	-	-	-	-	100.00	-	-	-	-	-	100.00
Unsecured loan recoverable from subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	-
- Shriram Equipment Finance Company Limited	-	-	14,152.06	-	-	-	-	-	-	-	14,152.06	-
- Shriram Automall India Limited	-	-	-	118.83	-	-	-	-	-	-	-	118.83

**Shriram Transport Finance Company Limited**  
Notes forming part of the financial statements for the year ended March 31, 2014

(Rs. in Lacs)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Balance Outstanding at the year end</b>												
- Shriram Insurance Broking Company Limited	-	-	-	1.55	-	-	-	-	-	-	-	1.55
Unsecured loan payable to subsidiary companies												
- Shriram Equipment Finance Company Limited	-	-	-	175.12	-	-	-	-	-	-	-	175.12
- Shriram Automall India Limited	-	-	632.74	975.00	-	-	-	-	-	-	632.74	975.00
Amount payable towards capital advance Shriram Automall India Limited	-	-	-	42.42	-	-	-	-	-	-	-	42.42
Interest receivable on unsecured loan												
- Shriram Equipment Finance Company Limited	-	-	189.96	319.67	-	-	-	-	-	-	189.96	319.67
Expenses recoverable												
- Shriram Equipment Finance Company Limited	-	-	53.38	24.84	-	-	-	-	-	-	53.38	24.84
- Shriram Automall India Limited	-	-	11.87	16.64	-	-	-	-	-	-	11.87	16.64
Non-convertible debenture	-	-	-	-	-	6.00	-	-	15.72	7.09	18.72	13.09
Interest payable on non-convertible debenture	-	-	-	-	-	-	-	0.22	1.19	1.03	1.41	1.03
Rent receivable from Shriram Capital Limited	0.94	0.94	-	-	-	-	-	-	-	-	0.94	0.94
Administrative expenses payable to Shriram Capital Limited	3.65	-	-	-	-	-	-	-	-	-	3.65	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in Laes)

Particulars	Enterprises having significant influence over the company		Subsidiaries		Associates		Key Management personnel (Managing Director, Whole time director, manager and other management personnel)		Relative of Key Management Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Balance Outstanding at the year end</b>												
Outstanding expenses												
- Shriram Ownership Trust	195.49	1,881.19	-	-	-	-	-	-	-	-	195.49	1,881.19
Fixed deposit	-	-	-	-	-	-	-	-	2.09	1.02	2.09	1.02
Interest payable on fixed deposit	-	-	-	-	-	-	-	-	0.12	0.30	0.12	0.30
Subordinated debt	-	-	-	-	-	413.40	-	-	1.10	0.30	1.10	413.70
Interest payable on subordinated debt	-	-	-	-	-	-	-	-	0.18	0.11	0.18	270.68
Guarantee given by the company												
- Shriram Equipment Finance Company Limited	-	-	100.00	100.00	-	-	-	-	-	-	100.00	100.00
- Shriram Automall India Limited	-	-	200.00	400.00	-	-	-	-	-	-	200.00	400.00

Ω Denotes payments

μ Denotes receipts

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

**(Rs. in lacs)**

<b>29</b>	<b>Contingent Liabilities not provided for</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
a.	In respect of Income tax demands where the company has filed appeal before CIT(Appeals)	52,678.52	46,689.12
b.	VAT demand where the company has filed appeal before Tribunal	2,532.82	1,843.09
c.	Service tax liability pertaining to HP/Lease	12,824.07	-
d.	Guarantees and counter guarantees	237,503.49	226,750.85
e.	Guarantees given for subsidiaries	300.00	500.00

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals.

The Company has received Show Cause Notice demanding service tax on services rendered towards provision of collection of receivables and liquidity facilities in respect of Securitisation / Direct Assignments for the period 2008-09 to 2011-12 and the same is contested by the Company.

**(Rs. in lacs)**

	<b>Disputed income tax demand are on account of</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
	Transfer to statutory reserve, provision for NPA, securitisation, etc	32,866.07	27,288.44
	Securitisation and royalty for AY 2008-09 and 2007-08	19,773.64	19,400.68
	Disallowance of ESOP expenses	38.81	-
	<b>Total</b>	<b>52,678.52</b>	<b>46,689.12</b>

	<b>Commitments not provided for</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
a.	Estimated amount of contracts remaining to be executed on capital account	191.76	382.71
b.	Uncalled amount in investment in ICICI Investment Management Company Limited	1,046.96	1,626.85
c.	Uncalled amount in investment in Shriram Insurance Broking Company Limited (SIBCL)	-	49.99

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**30. Securitisation/ direct assignment**

The company sells loans through securitisation and direct assignment.

The information on securitisation of the company as an originator in respect of securitisation transaction done during the year is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total number of loan assets under par structure	210,869	216,084
Total book value of loan assets	805,635.46	780,379.62
Sale consideration received	805,635.46	780,379.62

The information on securitisation of the company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
No. of SPVs sponsored by the company for securitisation transactions	48	34
Total amount of securitised assets as per the books of SPVs sponsored by the company	1,226,692.65	943,519.90
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	751.25	751.25
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	80,349.45	38,354.45
Investment in PTC	56,347.80	37,112.85
Amount of exposures to securitisation transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	-	1,207.00
Others	96,464.92	43,955.46
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	11,664.54	11,462.58
Others	27,307.99	36,045.91
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Total number of loan assets under par structure	87,153	51,920.00
Total book value of loan assets	262,319.32	98,050.69
Sale consideration received	262,319.32	98,050.69

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below::

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
No. of transactions assigned by the Company	55	70
Total amount outstanding	423,228.38	838,866.02
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	23,841.58	9,805.07
Amount of exposures to assigned transaction other than MRR		
Off - Balance Sheet Exposures		
Exposures to own assigned transactions		
First Loss	26,909.41	36,749.49
Others	97,287.54	134,145.21
Exposures to third party assigned transactions		
First Loss	-	-
a) ii) Others	-	-
On - Balance Sheet Exposures		
Exposures to own assigned transactions		
First Loss	19,737.27	33,577.52
Others	575.61	12,268.12
Exposures to third party assigned transactions		
First Loss	-	-
b) ii) Others	-	-

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

The information on direct assignment of the Company as an originator in respect of premium transaction done during the year is given below:

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Total number of loan assets under premium structure	-	-
Total book value of loan assets	-	-
Sale consideration received	-	-

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below::

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
No. of transactions assigned by the Company	6	13
Total amount outstanding	4,358.10	32,801.82
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	4,222.20	6,168.20
Others	1,831.00	17,280.63
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	1,754.36	19,884.27
Others	303.45	5,727.93
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

<b>31</b>	Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:		
	<b>(Rs. in lacs)</b>		
	<b>Particulars</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
	The principal amount remaining unpaid to supplier as at the end of the year	-	-
	The interest due thereon remaining unpaid to supplier as the end of the year	-	-
	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
	The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
<b>32</b>	In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non convertible debentures of Rs. 120.62 lacs (March 31, 2013: Rs. 53.38 lacs) [including out of pocket expenses of Rs. 1.52 lacs (March 31, 2013: Rs. 0.46 lacs)] have been amortised as per note 13 and shown under other assets.		
<b>33</b>	<b>Merger of Shriram Holdings (Madras) Private Limited ['SHMPL'] with the Company during the year ended March 31, 2013, :</b>		
(a)	On December 21, 2011, the Board of Directors of the Company have approved the merger SHMPL with the Company. In terms of the Scheme of Amalgamation & Arrangement (Scheme) approved by Hon'ble High Court of Madras vide order dated September 13, 2012 and subsequent filing thereof with the Registrar of Companies ('ROC'), Tamil Nadu dated November 05, 2012, Shriram Holdings (Madras) Private Limited ("SHMPL"), an Investment company has been amalgamated with the Company with effect from April 01, 2012. The scheme was effective only after the filing thereof with ROC, Tamil Nadu and had an appointed date of April 01, 2012.		
(b)	Prior to the merger, SHMPL held 93,371,512 shares of the Company.		
(c)	The amalgamation has been accounted for under the "Purchase method" as prescribed by "Accounting Standard 14 (AS-14) Accounting for Amalgamation" notified under Companies (Accounting Standards) Rules, 2006 (as amended).		
(d)	In accordance with the said Scheme:		
(i)	All the assets (other than shares of the Company held by "SHMPL" of the Company), debts, liabilities, duties and obligations of SHMPL have been vested in the Company with effect from April 01, 2012 and have been recorded at their respective Fair values under the purchase method of accounting for amalgamation. There were no difference in the accounting policies of "SHMPL" and the Company.		
(ii)	Exchange ratio determined at 313:124 (i.e. 313 equity shares of Rs. 10/- each of the Company for every 124 equity shares of Rs. 10/- each of "SHMPL" and these equity shares ranking pari-passu with the existing equity shares of the Company.		
(iii)	Additional issue of 500,868 equity shares to the shareholders of SHMPL, pursuant to Net Assets taken of SHMPL over by the Company.		
(iv)	In accordance with the said scheme, excess of the Net Assets Value taken over by the Company vis-a-vis additional equity shares issued has been transferred to capital reserves.		

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

(v)	Details of Net Assets taken over and transfer to Capital reserve is as under:	
		<b>Amount in Rupees</b>
	<b>Fair Value of the asset:</b>	
	-Investment	264,510,406.00
	-Cash	200.00
	-Bank	11,460,048.00
	-Other Asset (Advance tax)	3,534,271.00
	Less: Liabilities (creditors)	(17,500.00)
	<b>Fair Value of Net asset taken over</b>	<b>279,487,425.00</b>
	<b>Less:</b>	
	Additional issue of equity share (500,868 equity shares of Rs. 10 each)	<b>(5,008,680.00)</b>
	<b>Amount taken to capital reserves on amalgamation</b>	<b>274,478,745.00</b>

34	<b>Expenditure in foreign currency (accrual basis)</b>	<b>(Rs. in lacs)</b>	
	<b>Particulars</b>	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
	Rating fees	43.90	-
	Computer software	7.33	-
	<b>Total</b>	<b>51.23</b>	<b>-</b>

**35 Previous year comparatives**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current year's presentation.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No.  
301003E  
Chartered Accountants

For **G. D. Apte & Co.**  
ICAI Firm Registration No.  
100515W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**per Viren H. Mehta**  
Partner  
Membership No. 048749

**Ameya D. Tambekar**  
Partner  
Membership No. 128355

**Arun Duggal**  
Chairman

**Umesh Revankar**  
Managing Director

Mumbai  
April 29, 2014

**Parag Sharma**  
Chief Financial Officer

**Vivek M. Achwal**  
Company Secretary

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

**As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**

(Rs. in lacs)

	Particulars	As at March 31, 2014	
		Amount outstanding	Amount overdue
	<b>Liabilities side :</b>		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
	(a) Debenture : Secured	1,441,499.65	6,324.62
	: Unsecured	88,021.31	NIL
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	1,433,739.84	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	15,376.59	NIL
	(f) Public Deposits*	246,113.21	4,496.26
	(g) Other Loans - Subordinate Debts	498,461.01	6,295.16
	- Cash Credit	35,305.08	NIL
	- Corporate Loan	NIL	NIL
	*Please see Note 1 below		
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	NIL	NIL
	(c) Other public deposits	246,113.21	4,496.26
	*Please see Note 1 below		
	# Represent amounts unclaimed		
	<b>Assets side :</b>		
		<b>Amount outstanding</b>	
(3)	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below ):</b>		
	(a) Secured	390.88	
	(b) Unsecured	120,514.32	

**Shriram Transport Finance Company Limited**

**Notes forming part of the financial statements for the year ended March 31, 2014**

		(Rs. in lacs)
(4)	<b>Break up of Leased Assets and stock on hire counting towards AFC activities</b>	<b>Amount outstanding</b>
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	NIL
	(b) Operating lease	NIL
	(ii) Stock on Hire including hire charges under sundry debtors :	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Other loans counting towards AFC Activities :	
	(a) Loans where assets have been repossessed	31,778.14
	(b) Loans other than (a) above	3,494,541.51

		(Rs. in lacs)
(5)	<b>Break-up of Investments :</b>	<b>Amount outstanding</b>
	Current Investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debenture and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others	NIL
	2. Unquoted :	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others: (a) Certificate of Deposits	203,544.94
	(b) Debentures	NIL
	(c) Mutual Funds	201.40
	Long Term investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	33,089.48
	(v) Others (Please specify)	NIL

**Shriram Transport Finance Company Limited**

Notes forming part of the financial statements for the year ended March 31, 2014

(Rs. in lacs)

(5)	Break-up of Investments :	Amount outstanding
	2. Unquoted :	
	(i) Shares: (a) Equity	4,040.01
	(b) Preference	25,000.00
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others -Venture Capital Fund	1,453.04
	Investment in Subordinate Debts	5,000.00

(Rs. in lacs)

(6)	Borrower group-wise classification of assets, financed as in (3) and (4) above :		
	Please see Note 2 below		
Category	Amount ( Net of provisions )		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	3,417,440.07	115,078.94	3,532,519.00

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	
	Please see note 3 below	
Category	Market Value / Break up or fair value or NAV*	Book Value
		(Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	52,695.99	29,000.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	243,364.42	243,328.85

\* Disclosure is made in respect of available information.

\*\* As per Accounting Standard of ICAI (Please see Note 3)

**Shriram Transport Finance Company Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2014**

(Rs. in lacs)

<b>(8) Other information</b>		
	<b>Particulars</b>	<b>Amount</b>
<b>(i)</b>	Gross Non-Performing Assets	
	(a) Related parties	NIL
	(b) Other than related parties	145,050.34
<b>(ii)</b>	Net Non-Performing Assets	
	(a) Related parties	NIL
	(b) Other than related parties	30,291.23
<b>(iii)</b>	Assets acquired in satisfaction of debt	NIL

**Notes**

:

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

**Shriram Transport Finance Company Limited**  
**Summary of financial information of subsidiary companies for the year ended March 31, 2014**  
**Under section 212(8) of the Companies Act 1956.**

**(Rs. in lacs)**

<b>Particulars</b>	<b>Shriram Equipment Finance Company Limited</b>	<b>Shriram Automall India Limited</b>
Capital	26,000.00	3,000.00
Reserves	22,890.42	802.64
Total assets	346,800.33	6,908.50
Total liabilities	297,909.91	3,105.86
Investment included in total assets	-	-
Turnover	54,394.74	7,644.64
Profit before taxation	13,135.28	1,243.63
Provision for taxation	4,451.83	417.28
Profit after taxation	8,683.45	826.35
Dividend including dividend distribution tax	2.91	-

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