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Commercial Vehicle Finance
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SEC /IDBI/15-16/90

April 15, 2015
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400 051

Dear Sir,

Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of Non- Convertible Debentures May - 2010 (NCDs) of Rs.500 Crs.

As per Clause 6 of the Listing Agreement for debt securities, we are pleased to furnish the following informations :

1. **Credit Rating** : 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Positive' by CRISIL and the Unsecured NCDs have been rated 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/ Positive' by CRISIL, letters dated December 08, 2014 and November 2014, respectively **(Please refer Annexure – I and Annexure - II).**

2. **Asset Cover available**: Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

3. **Debt Equity Ratio**: The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not :**

   The Company on March 31, 2015 had made interest payment of NCDs under Option I, Option III, Option V from April 01, 2014 to March 31, 2015 and under Option II from October 01, 2014 to March 31, 2015 to the holders of NCDs on Record Date being March 13, 2015. The summary of such interest payment of NCDs are as under:

Description of Secure and unsecured NCDs	NSE Scrip Code	ISIN	Total Amount (Rs.)
Secured NCDs (Option I) (Others)	N8	INE721A07AJ1	12822120
Secured NCDs (Option I) (Unreserved Individuals)	N7	INE721A07AK9	37223945
Secured NCDs (Option I) (Reserved Individuals)	N6	INE721A07AL7	13416016

Secured NCDs (Option II) (Others)	NB	INE721A07AM5	4249219
Secured NCDs (Option II) (Unreserved Individuals)	NA	INE721A07AN3	3893599
Secured NCDs (Option II) (Reserved Individuals)	N9	INE721A07A01	22927201
Secured NCDs (Option III) (Others)	NE	INE721A07AP8	7875484
Secured NCDs (Option III) (Unreserved Individuals)	ND	INE721A07AQ6	8016236
Secured NCDs (Option III) (Reserved Individuals)	NC	INE721A07AR4	22551585
Unsecured NCDs (Option V) (Others)	NK	INE721A08AA8	1130576
Unsecured NCDs (Option V) (Unreserved Individuals)	NJ	INE721A08AB6	2196441
Unsecured NCDs (Option V) (Reserved Individuals)	NI	INE721A08AC4	27134682

6. **Next due date for payment of interest / principal**: The next Interest payment will be due on June 01, 2015 and Semi-Annual Interest payment falls on October 01, 2015
The scrip codes and ISIN are as under :-

Description of Secure and unsecured NCDs	NSE SCRIP CODE	ISIN	Record Date	Payout Date
Secured NCDs (Option I) (Others) (Full Redemption)	N8	INE721A07AJ1	15/05/2015	01/06/2015
Secured NCDs (Option I) (Unreserved Individuals) (Full Redemption)	N7	INE721A07AK9	15/05/2015	01/06/2015
Secured NCDs (Option I) (Reserved Individuals) (Full Redemption)	N6	INE721A07AL7 (*)	15/05/2015	01/06/2015
Secured NCDs (Option II) (Others) (Semi-Annual)	NB	INE721A07AM5	14/09/2015	01/10/2015

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Secured NCDs (Option II) (Unreserved Individuals) (Semi-Annual)	NA	INE721A07AN3	14/09/2015	01/10/2015
Secured NCDs (Option II) (Reserved Individuals) (Semi-Annual)	N9	INE721A07A01(*)	14/09/2015	01/10/2015
Secured NCDs (Option III) (Others) (Balance 20% Redemption)	NE	INE721A07AP8	15/05/2015	01/06/2015
Secured NCDs (Option III) (Unreserved Individuals) (Balance 20% Redemption)	ND	INE721A07AQ6	15/05/2015	01/06/2015
Secured NCDs (Option III) (Reserved Individuals) (Balance 20% Redemption)	NC	INE721A07AR4 (*)	15/05/2015	01/06/2015

*Note – Senior Citizens (First Allottee) in the reserved individual portion are entitled to an additional interest at the rate of 0.25% per annum

7. **Financial results:** The financial results for the quarter and half year ended on March 31, 2015 will be provided after the results are approved in the Board Meeting to be held in the fifth week of April, 2015.

8. **Name of Stock exchange on which debentures are listed :**
   (i) BSE Limited and
   (ii) National Stock Exchange of India Limited

9. **Listing Agreement :** The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Vivek M. Achwal
Company Secretary

For IDBI TRUSTEESHIP SERVICES LTD.
AUTHORISED SIGNATORY

Encl : a/a
CC: -
M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.

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SEC /IDBI/15-16
April 15, 2015

To,
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sir,

Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of Non Convertible Debenture 2014 (NCDs VII – Tranche-I Issue) aggregating to Rs.500 Crs. upto shelf limit of Rs.3000 Crores (Shelf Prospectus and Tranche-I Prospectus dated June 24, 2014 Public Issue).

As per Clause 6 of the Listing Agreement for debt securities, we are pleased to furnish the following informations:

1. **Credit Rating:** 'CARE AA+' (Double A Plus) by CARE, 'CRISIL AA/Positive' by CRISIL and 'IND AA+' by India Ratings & Research Private Limited letters dated December 08, 2014, November 2014 dated January 08, 2015 respectively **(Please refer Annexure – I, II & III).**

2. **Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

3. **Debt Equity Ratio:** The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not:** The monthly interest payment was made on various dates i.e. October 01, 2014, November 01, 2014, December 01, 2014, January 01, 2015, January 31, 2015, February 28, 2015 and March 31, 2015 in respect of the ($$) and (*) ISIN No. INE721A07HK4, INE721A07HL2 with NSE Scrip Code YA and YB respectively.

6. **Next due date for payment of interest / principal :-**
   1. **($$)** Monthly interest payment will be due under ISIN No. **(*)**INE721A07HK4 and **(*)**INE721A07HL2 with NSE Scrip Code YA and YB between the period April 01, 2015 to September 30, 2015 is appended below:

Months	Record date	Interest Due Date	Payout date
April-2015	Monday, April 14, 2015	Friday, May 01, 2015	Thursday, April 30, 2015
May-2015	Wednesday, May 13, 2015	Monday, June 01, 2015	Monday, June 01, 2015
June-2015	Friday, June 12, 2015	Wednesday, July 01, 2015	Tuesday, June 30, 2015
July-2015	Monday, July 13, 2015	Saturday, August 01, 2015	Friday, July 31, 2015
August-2015	Tuesday, August 11, 2015	Tuesday, September 01, 2015	Tuesday, September 01, 2015
September-2015	Friday, September 11, 2015	Thursday, October 01, 2015	Thursday, October 01, 2015

($$) For Series I/ and V, Senior citizens (only First Allottee) will get a coupon of 10.94%per annum and 11.17%per annum respectively payable monthly
(*)Senior Citizens (only First Allottees) shall be entitled to an additional yield at the rate of 0.25%per annum

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2. Annual interest payment will be due under ISIN No. INE721A07HH0, INE721A07HI8 and INE721A07HJ6 with NSE Scrip Code Y7, Y8 and Y9 for the period from July 15, 2014(Date of Allotment) to July 15, 2015 is appended below:

Security Description (*)	ISIN (S)	Record date	Payment date
Secured Redeemable Non-Convertible Debentures -Series I	INE721A07HH0	26/06/2015	15/07/2015
Secured Redeemable Non-Convertible Debentures -Series II	INE721A07HI8	26/06/2015	15/07/2015
Secured Redeemable Non-Convertible Debentures -Series III.	INE721A07HJ6	26/06/2015	15/07/2015

(S) subject to applicable tax deducted at source, if any
(*)Senior Citizens (only First Allottees) shall be entitled to an additional yield at the rate of 0.25%per annum

7. **Financial results:** The financial results for the quarter and year ended on March 31, 2015 will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

8. **Name of Stock exchange on which debentures are listed :**
   (i) BSE Limited and
   (ii) National Stock Exchange of India Limited

9. Listing Agreement: The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Vivek M. Achwal
Company Secretary
Encl : a/a.
CC: -
M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor
17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001

SHRIRAM
Commercial Vehicle Finance
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SEC /IDBI/15-16/90
April 15, 2015

To,
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051
Dear Sir,

Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of Non Convertible Debenture 2013 (NCD VI) aggregating to Rs.500 Crs. (Prospectus dated September 23, 2013).

As per Clause 6 of the Listing Agreement for debt securities, we are pleased to furnish the following informations :

1. **Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Positive' by CRISIL letters dated December 08, 2014 and November, 2014, respectively (Please refer **Annexure – I and Annexure - II**).

2. **Asset Cover available**: Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

3. **Debt Equity Ratio**: The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not:**

The Company on March 31, 2015 had made interest payment of NCDs under Series I, Series II and Series III from April 01, 2014 till March 31, 2015 to the holders of NCDs on Record Date being March 13, 2015. The summary of such interest payment of NCDs is as under:

Description of Secure NCDs	NSE Scrip Code	ISIN	Total Amount (Rs.)
Secured NCD Series I (#)	Y1	INE721A07GR1	294,562,809/-
Secured NCD Series II (##)	Y2	INE721A07GS9	116,687,222/-
Secured NCD Series III (###)	Y3	INE721A07GT7	87,789,191/-

(#) NCD holders who are Individuals shall be eligible for an additional incentive of 0.50% p.a. for NCDs held on any Record date
(##) NCD holders who are Individuals shall be eligible for an additional incentive of 0.75% p.a. for NCDs held on any Record date.
(###) NCD holders who are Individuals shall be eligible for an additional incentive of 1% p.a. for NCDs held on any Record date.

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6. **Next due date for payment of interest / principal :** Annual interest payment will be due on April 01, 2016.

7. **Financial results:** The financial results for the quarter and year ended on March 31, 2015 will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

8. **Name of Stock exchange on which debentures are listed :**
   (i) BSE Limited and
   (ii) National Stock Exchange of India Limited

9. Listing Agreement: The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Vivek Achwal
Company Secretary

For IDBI TRUSTEESHIP SERVICES LTD

Encl : a/a.

CC: -
M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor
17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001

SHRIRAM
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SEC /IDBI/15-16/90

April 15, 2015

To,
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sir,

Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of Non-Convertible Debentures July - 2012 (NCDs) of Rs.600 Crs.

As per Clause 6 of the Listing Agreement for debt securities, we are pleased to furnish the following informations:

1. **Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Positive' by CRISIL letters dated December 08, 2014 and November, 2014, respectively **(Please refer Annexure – I and Annexure - II).**

2. **Asset Cover available**: Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

3. **Debt Equity Ratio**: The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

5. **Previous due date for the payment of interest /principal and whether the same has been paid or not :**

   The Company on March 31, 2015 had made interest payment of NCDs under Series I and Series II from April 01, 2014 till March 31, 2015 to the holders of NCDs on Record Date being March 13, 2015. The summary of such interest payment of NCDs is as under:

Description of Secure NCDs	NSE Scrip Code	ISIN	Total Amount (Rs.)
Secured Redeemable Non-Convertible Debentures Series I - 10.25% Per Annum. (#)	NR	INE721A07DL1	251,605,772/-
Secured Redeemable Non-Convertible Debentures Series II- 10.50% Per Annum. (#)	NS	INE721A07DM9	291,165,673/-

(#) NCD holders who are Individuals shall be eligible for an additional incentive of 0.90% p.a. for NCDs held on any Record date.

IDBI Trusteeship Services Ltd.

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

Shriram Transport Finance Company Limited

Corporate Office: Wockhardt Towers, Level – 3, West Wing, C-2, G-Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051. Tel: +91 22 4095 9595 | Fax: +91 22 4095 9597.
Registered Office: Mookambika Complex, 3rd Floor, No.4, Lady Desika Road, Mylapore, Chennai – 600 004, Tamil Nadu, India. Tel: +91 44 2499 0356 | Fax: +91 44 2499 3272.
Website. www.stfc.in | Corporate Identity Number (CIN) – L65191TN1979PLC007874.

V. M. Achwal
Company Secretary

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6. **Next due date for payment of interest / principal :** As per the Terms of Prospectus the NCDs under below mention ISINs will be fully redeemed on August 08, 2015. The scrip code and ISIN are as under :

Security Description	ISIN	NSE Scrip Code	Record Date	Payment date
Secured Redeemable Non-Convertible Debentures Series I (#)	INE721A07DL1	NR	22/07/2015	09/08/2015
Secured Redeemable Non-Convertible Debentures Series III (#)	INE721A07DN7	NT	22/07/2015	09/08/2015

(#) NCD holders who are individuals shall be eligible for an additional incentive of 0.90% p.a. for NCDs held on any Record date.

7. **Financial results:** The financial results for the quarter and year ended on March 31, 2015 will be provided after the results are approved in Board Meeting .

8. **Name of Stock exchange on which debentures are listed :**
   (i) BSE Limited and
   (ii) National Stock Exchange of India Limited

9. Listing Agreement: The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Vivek Achwal
Company Secretary

Encl : a/a.

For IDBI TRUSTEESHIP SERVICES LTD.
AUTHORISED SIGNATORY

CC: -
M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor
17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001

V. M. Achwal
Company Secretary

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Commercial Vehicle Finance
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SEC /IDBI/15-16/90

April 15, 2015

To,
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sir,

Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of Non-Convertible Debenture 2013 (NCD V) aggregating to Rs.750 Crs. (Prospectus dated July 5, 2013).

As per Clause 6 of the Listing Agreement for debt securities, we are pleased to furnish the following informations:

1. **Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Positive' by CRISIL letters dated December 08, 2014 and November, 2014, respectively **(Please refer Annexure – I and Annexure - II).**

2. **Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015

3. **Debt Equity Ratio:** The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015

4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not:**

   The monthly interest payment was made on various dates i.e. November 01, 2014, December 01, 2014, January 01, 2015, January 31, 2015, February 28, 2015 and March 31, 2015 in respect of the ISIN No. INE721A07FW3(#) with NSE Scrip Code NX. *(#) NCD holders who are Individuals shall be eligible for an additional incentive of 1.23% p.a. for NCDs held on any Record date.*

   The Company on March 31, 2015 had made interest payment of NCDs under Series I and Series II from April 01, 2014 till March 31, 2015 to the holders of NCDs on Record Date being March 13, 2015. The summary of such interest payment of NCDs is as under:

Description of Secure NCDs	NSE Scrip Code	ISIN	Total Amount (Rs.)
Series I- 9.65% Per Annum. (##)	NV	INE721A07FU7	275,533,954/-
Series II- 9.80% Per Annum.(###)	NW	INE721A07FV5	322,628,328/-

(##) NCD holders who are Individuals shall be eligible for an additional incentive of 1.25% p.a. for NCDs held on any Record date.
(##) NCD holders who are Individuals shall be eligible for an additional incentive of 1.35% p.a. for NCDs held on any Record date.

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6. **Next due date for payment of interest / principal :-**

Monthly interest payment will be due under ISIN No. viz. INE721A07FW3 (#) (NSE Script NX) between the period April 01, 2015 to September 30, 2015 is appended below: *(#) NCD holders who are Individuals shall be eligible for an additional incentive of 1.23% p.a. for NCDs held on any Record date.*

Months	Record date	Interest Due Date	Payout date
April-2015	Monday, April 14, 2015	Friday, May 01, 2015	Thursday, April 30, 2015
May-2015	Wednesday, May 13, 2015	Monday, June 01, 2015	Monday, June 01, 2015
June-2015	Friday, June 12, 2015	Wednesday, July 01, 2015	Tuesday, June 30, 2015
July-2015	Monday, July 13, 2015	Saturday, August 01, 2015	Friday, July 31, 2015
August-2015	Tuesday, August 11, 2015	Tuesday, September 01, 2015	Tuesday, September 01, 2015
September-2015	Friday, September 11, 2015	Thursday, October 01, 2015	Thursday, October 01, 2015

7. **Financial results:** The financial results for the quarter and year ended on March 31, 2015 will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

8. **Name of Stock exchange on which debentures are listed :**
   (i) BSE Limited and
   (ii) National Stock Exchange of India Limited

9. Listing Agreement: The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Vivek M. Achwal
Company Secretary

For IDBI TRUSTEESHIP SERVICES LTD.
AUTHORISED SIGNATORY

Encl : a/a.
CC: -
M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor
17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001

SHRIRAM
Commercial Vehicle Finance
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SEC /IDBI/15-16/90

April 15, 2015

To,
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sir,

Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of Non-Convertible Debentures June -2011 (NCDs) of Rs.1000 Crs.

As per Clause 6 of the Listing Agreement for debt securities, we are pleased to furnish the following information:

1. **Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Positive' by CRISIL letters dated December 08, 2014 and November, 2014, respectively **(Please refer Annexure – I and Annexure - II).**

2. **Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

3. **Debt Equity Ratio:** The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the fifth week of April, 2015.

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not :**

   The Company on March 31, 2015 had made interest payment of NCDs under Option I from April 01, 2014 till March 31, 2015 to the holders of NCDs on Record Date being March 13, 2015. The summary of such interest payment of NCDs is as under:

Description of Secure NCDs	NSE Scrip Code	ISIN	Total Amount (Rs.)
Secured Option I- Reserved Individual: 11.60% Per Annum.	NL	INE721A07AV6	620,094,606/-
Secured Option I- Un – Reserved Individual: 11.35% Per Annum.	NM	INE721A07AW4	275,731,912/-
Secured Option I- Others: 11.10% Per Annum.	NN	INE721A07AX2	81,303,504/-

Shriram Transport Finance Company Limited

Corporate Office: Wockhardt Towers, Level – 3, West Wing, C-2, G-Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051. Tel. +91 22 4095 9595 | Fax. +91 22 4095 9597.
Registered Office: Mookambika Complex, 3rd Floor, No.4, Lady Desika Road, Mylapore, Chennai – 600 004, Tamil Nadu, India. Tel: +91 44 2499 0356 | Fax: +91 44 2499 3272.
Website: www.stfc.in | Corporate Identity Number (CIN) – L65191TN1979PLC007874.

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6. **Next due date for payment of interest / principal:** Subject to exercise of Put Option by holders of NCDs for below mentioned ISINs being at the expiry of the 48 months from 12/07/2011 (date of allotment), the early redemption payment along with interest will be paid as mention below:

Security Description	ISIN	Specified date	Put option Start date	Put option End date	Payment date
Option I- Reserved: 11.60% Per Annum.	INE721A07AV6	26/06/2015	12/07/2015	11/08/2015	12/08/2015 ($) and 13/08/2015 ($$)
Option I- Un - Reserved: 11.35% Per Annum.	INE721A07AW4	26/06/2015	12/07/2015	11/08/2015	12/08/2015 ($) and 13/08/2015 ($$)
Option I- Others: 11.10% Per Annum.	INE721A07AX2	26/06/2015	12/07/2015	11/08/2015	12/08/2015 ($) and 13/08/2015 ($$)

Notes:
($) Subject to exercise of Put option by the NCD holders during the period 12/07/2015 till 31/07/2015, the early redemption payment along with interest will be paid on 12/08/2015.
($$) Subject to exercise of Put option by the NCD holders during the period 01/08/2015 till 11/08/2015, the early redemption payment along with interest will be paid on 13/08/2015.

7. **Financial results:** The financial results for the quarter and year ended on March 31, 2015 will be provided after the results are approved in Board Meeting.

8. **Name of Stock exchange on which debentures are listed :**
   (i) BSE Limited and
   (ii) National Stock Exchange of India Limited

9. **Listing Agreement:** The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,
For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Vivek Achwal
Company Secretary

For IDBI TRUSTEESHIP SERVICES LTD.
AUTHORISED SIGNATORY

Encl : a/a.
CC : -
M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor
17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001.

Annexure I.

CARE Ratings
Professional Risk Opinion

20 YEARS
Analytical Excellence

CARE/HO/RR/2014-15/1163

Mr. Parag Sharma
Executive Director & CFO
Shriram Transport Finance Company Ltd.
Wockhardt Towers, Level 3
West Wing, C-2, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

December 8, 2014

Confidential

Dear Sir,

Credit Rating for Various Debt Instruments

Please refer to our letter dated November 28, 2014 on the above subject.

2. The rationale for the rating(s) is attached as an Annexure - I. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up on the above rating is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as Annexure - II.
4. We request you to peruse the Rationale and Press Release and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by December 10, 2014, we will proceed on the basis that you have no comments to offer.
5. If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

[Abhishek Gupta]
Manager

[Vishal Sanghavi]
Senior Manager

Encl: as above

CERTIFIED TRUE COPY
For SHRIRAM TRANSPORT FINANCE CO. LTD.

V. M. Agarwal
Company Secretary

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai 400 022.
Tel: +91-22-6754 3456; Fax: +91-22-6754 3457 | Email: care@careratings.com | www.careratings.com

CARE Ratings
Professional Risk Opinion

Annexure - I

Rating Rationale

Shriram Transport Finance Company Ltd. (STFCL)

Rating

Instrument	Rated Amount (Rs. crore)	Rating[1]	Remarks
Non-Convertible Debentures	500	CARE AA+ (Double A Plus)	Assigned

Ratings Outstanding

Instrument	Rated Amount (Rs. crore)	Rating
Non-Convertible Debentures	10,547	CARE AA+ (Double A Plus)
Subordinated Debt	2,995	CARE AA+ (Double A Plus)

Rating Rationale

The rating factors in Shriram Transport Finance Company Ltd's (STFCL's) leadership position and three decades of experience in the pre-owned commercial vehicle (CV) financing segment, comfortable capital adequacy, comfortable liquidity profile, overall healthy profitability parameters, good resource raising capabilities and experienced management team. The rating is, however, constrained by the underlying industry risk linked with its target customer segment of small truck operators, who may be relatively more vulnerable to the economic downturn. Asset quality, capital adequacy and profitability are key rating sensitivities.

Background

STFCL is the flagship company of the Chennai-based Shriram group and was founded by Mr R Thyagarajan, Mr T Jayaraman and Mr A V S Raja. It is classified as a deposit-taking asset financing NBFC. The company was

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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incorporated in 1979, with an objective to provide hire purchase and lease finance for the medium and heavy commercial vehicles to individual truck operators. It is the largest asset financing NBFC in India, concentrated mainly in the pre-owned vehicle financing business. STFCL has two wholly-owned subsidiaries, namely, Shriram Equipment Finance Company Ltd. and Shriram Automall India Ltd. STFCL has a pan India presence with a network of 654 branches and 629 rural centres at the end of March 2014. The total employee strength as on March 31, 2014, stands at 18,122, which include 11,209 field officers. As on September 30, 2014, Shriram Capital (26.05%) and the Piramal group (9.96%) were the two largest shareholders of STFCL. The Piramal group had bought the stake from private equity firm TPG in May 2013.

Credit Risk Assessment

Leadership position and almost three decades of experience in the pre-owned CV financing segment

STFCL is one of the largest asset financing NBFC in India with Rs.58,939 crore of assets under management (AUM) (on a consolidated basis) as on September 30, 2014 (Rs.56,519 crore as on March 31, 2014). Over its 30 years of experience in CV financing, it has garnered a market share of 25% in used (pre-owned) CV financing. STFCL is in the business of financing small/medium truck operators who generally require loans with smaller ticket size. Majority of these operators have requirement for used vehicles, due to which the loan portfolio of the company is skewed towards financing used CV. Over its 30 years of operations, STFCL has developed a strong relationship with its customers and major part of its lending is being done through 'reference based' model.

SEFCL, a wholly-owned subsidiary of STFCL, is engaged in equipment financing business and started operations from October 2010. As on September 30, 2014, SEFCL had Rs.3,392 crore of AUM (Rs.3,418 crore as on March 31, 2014).

Healthy profitability parameters

During FY14 (refers to the period April 01 to March 31), interest income from on-balance sheet portfolio increased by 35%, with securitisation income declining by 27%. The decline in securitisation income was primarily due to changes in the regulatory environment for securitisation transactions, which resulted in STFCL securitizing relatively lower yielding assets from its total loan portfolio. The yields on STFCL's loan portfolio increased with an increase in the proportion of used CVs in FY14. On a consolidated basis, however, net interest margin (NIM) (including securitization income) declined to 5.69% in FY14 (6.39% in FY13) on account of higher cost of borrowings. Operating costs have increased by 20%, though, STFCL has managed to maintain its operating costs/average assets at 1.63% in FY14 (1.54% in FY13). Economic slowdown over the past few years has lead to an

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increase in delinquencies. Higher credit costs and decline in NIM have resulted in STFCL's return on total assets (ROTA) declining to 2.08% in FY14 (2.54% in FY13). However, STFCL's profitability remains comfortable as compared with other players in the industry.

Good resource raising capabilities

STFCL has continuously been diversifying its resource profile by tapping retail/wholesale non-convertible debentures (NCDs), term loans & working capital from banks, subordinated debt, fixed deposits (FDs) and securitisation through both pass through certificates (PTCs) and direct assignments. As on March 31, 2014, on a consolidated basis, STFCL's resource profile comprised borrowings from banks (40%), NCDS (including NCDS raised via the public route) (38%), subordinated debt (12%), fixed deposits (6%), term loans from financial institutions (3%). NCDs raised via the public route comprised 8% of the total borrowings. Securitisation route is also one of the important sources of funding for STFCL. On a consolidated basis, the outstanding securitised portfolio forms around 29% of the total assets under management (AUM) as on March 31, 2014.

Comfortable liquidity profile

STFCL's loan portfolio has a relatively shorter tenure as compared with its borrowings. As on March 31, 2014, approximately 15% of STFCL total assets were deployed in liquid assets in order to meet future disbursements, which further give comfort to its liquidity profile. On account of the above, STFCL's liquidity profile is comfortable with positive cumulative mismatches across all the time brackets.

Comfortable capital adequacy

STFCL is currently supported by strong institutional investors who have the financial strength to support STFCL's capital needs. STFCL has maintained capital adequacy above the regulatory minimum of 15% for deposit taking NBFCs. On a standalone basis, STFCL reported Tier 1 ratio and total CAR of 17.69% and 23.37% as on March 31, 2014. As on September 30, 2014, Tier 1 ratio and total CAR were 17.09% and 21.96%, respectively.

Experienced management team

The senior management of the company is equipped with a rich experience of operating the CV financing business. Long track record of operations has enabled the management to operate the business in different economic cycles. The company is lead by Mr Umesh Revankar, (managaing director), who has been with the company for 24 years.

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The management team also includes Mr Vinay Kelkar (deputy managing director), Mr Parag Sharma (CFO) and Mr Sreedharan (COO and National Credit Head) who have been associated with STFCL for several years.

Underlying industry risk linked with its target customer segment of small truck operators

STFCL is primarily into financing of pre-owned commercial vehicles. In an environment of economic slowdown, STFCL's asset quality has been under pressure since it has high exposure to small fleet operators and first-time buyers who are more vulnerable to the negative effects of an economic downturn. Subdued economic environment coupled with continuous increase in diesel prices have lead to decline in the operating margins of CV operators, thereby reducing their repayment capacity. As a result, CV financiers have seen rise in delinquencies which have impacted their financial performance.

Moderate asset quality

STFCL has historically maintained a comfortable asset quality. The relationship-based model followed by the company has helped the company to maintain the asset quality over the years. Over the past 2 years, STFCL saw rise in slippages due to the overall economic slowdown.

On a consolidated basis, the gross NPA ratio increased from 3.10% as on March 31, 2013, to 3.75% as on March 31, 2014. However, STFCL continues to maintain a healthy provision cover, with a ratio of 79% as on March 31, 2014. On a consolidated basis, NNPA and NNPA to net-worth ratios were 0.83% and 3.91%, respectively.

On a standalone basis, GNPA and NNPA ratios were 3.98% and 0.86%, respectively, with NNPA to net-worth ratio was 3.80% as on March 31, 2014. As on September 30, 2014, GNPA and NNPA ratios were 3.80% and 0.82%, respectively, while NNPA to net-worth ratio was 4.07%.

Prospects

Based on various policy actions and increasing share of NBFC's total assets to bank's total assets, it is clear that the NBFC sector has become systemically important for the Reserve Bank of India and hence is expected to attract the related support and regulatory scrutiny. The three positive structural shifts in NBFC sector, viz, shift towards secured asset classes, higher regulatory capital adequacy and conservative ALM approach have given overall strength to the NBFC sector.

During FY14, the asset quality was under stress. Segments directly linked to specific economic sectors are witnessing some asset quality stress like infrastructure loans, commercial vehicle (CV) loans and construction

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equipment (CE) loans due to general economic slowdown. Higher borrowing cost and credit cost has impacted the profitability of NBFCs during FY14. However, healthy capital adequacy ratio (CAR) and good liquidity management provides comfort.

Asset quality, capital adequacy and profitability are the key rating sensitivities of STFCL.

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Financial Result (Consolidated)

(Rs. Cr)

As on / Year ended March 31	FY12	FY13	FY14
Interest income from loans	3,618	4,710	6,363
Income from securitization	2,215	2,001	1,470
Income from investments	142	68	120
Other Income	205	238	526
Total Income	**6,179**	**7,016**	**8,480**
Interest expense	2,563	3,092	4,233
Operating Expenses	883	889	1,063
Total Provision / Write offs	776	872	1,213
PBT	**1,958**	**2,163**	**1,970**
Tax	649	699	613
PAT	**1,309**	**1,463**	**1,358**
Tangible Net worth	5,771	7,012	8,209
Total borrowings	24,428	34,141	38,672
Total Loan Portfolio	23,913	34,486	39,891
AUM	42,139	52,718	56,519
Total Assets	36,776	46,949	52,021
Key Ratios (%)			
Total Gearing (times)	4.23	4.87	4.71
Interest Coverage (times)	1.76	1.70	1.47
NIM (including off balance sheet assets)*	7.07	6.39	5.69
Other income / Adjusted Total Assets*	0.42	0.41	0.80
Operating expense / Adjusted Total Assets *	1.84	1.54	1.63
Provisions and write-offs / Adjusted Total Assets *	1.61	1.51	1.85
ROTA (PAT / Adjusted Total Assets)*	2.71	2.54	2.08
RONW*	25.00	22.90	17.84
Tier I CAR (Standalone)	17.26	16.70	17.69
CAR (Standalone)	22.26	20.74	23.37
Gross NPA Ratio	2.92	3.10	3.75
Net NPA Ratio	0.43	0.79	0.83
Provision Coverage (%)	85.80	75.17	78.53
Net NPA to Net worth (%)	1.72	3.78	3.91

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Financial Result (Standalone)

As on / Year ended March 31	FY12	FY13	FY14
Interest income from loans	3,436	4,327	5,838
Income from securitization	2,215	2,001	1,470
Income from investments	141	68	120
Other Income	102	168	460
Total income	**5,894**	**6,564**	**7,888**
Interest expense	2,461	2,876	3,933
Operating Expenses	783	821	979
Total Provision / Write offs	768	851	1,149
PBT	**1,881**	**2,016**	**1,828**
Tax	623	656	564
PAT	**1,257**	**1,361**	**1,264**
Tangible Net worth	5,735	6,874	7,977
Total borrowings	23,127	31,002	35,925
Total Loan Portfolio	21,989	31,445	36,472
AUM	40,215	49,677	53,101
Total Assets	35,520	44,137	48,929
Key Ratios (%)			
Total Gearing (times)	4.03	4.51	4.50
Interest Coverage (times)	1.76	1.70	1.46
NIM (including off balance sheet assets)*	7.03	6.33	5.60
Other income / Adjusted Total Assets*	0.21	0.30	0.74
Operating expense / Adjusted Total Assets *	1.65	1.48	1.57
Provisions and write-offs / Adjusted Total Assets *	1.62	1.53	1.84
ROTA (PAT / Adjusted Total Assets)*	2.65	2.45	2.02
RONW*	24.07	21.58	17.03
Tier I CAR (Standalone)	17.26	16.70	17.69
CAR (Standalone)	22.26	20.74	23.37
Gross NPA Ratio	3.16	3.26	3.98
Net NPA Ratio	0.46	0.79	0.86
Provision Coverage (%)	85.91	76.43	79.12
Net NPA to Net worth (%)	1.70	3.52	3.80

** Note: Ratios have been computed based on average of annual opening and closing balances. Adjusted Total Assets includes off balance sheet portfolio.*

Note:- Mr P. P. Pattanayak, who is a Director on the board of Shriram City Union Finance Ltd. (which is part of the Shriram group), is a member of the Rating Committee in CARE. Mr Pattanayak did not participate in the rating process or in the meeting of the Rating Committee when the rating of STFCL was discussed.

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

Disclaimer

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

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CREDIT ANALYSIS & RESEARCH LTD.

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Annexure II

CREDIT RATING REPORT

Shriram Transport Finance Company Limited

November 2014

INSTRUMENTS RATED	RATINGS
Total Bank Loan Facilities Rated	Rs.300.00 Billion (Enhanced from Rs.250.00 Billion)
Long-Term Rating	CRISIL AA/Positive (Reaffirmed)
Short-Term Rating	CRISIL A1+ (Reaffirmed)
(Refer to Annexure 1 for details on facilities)	
Rs.30.0 Billion Non-Convertible Debenture Issue	CRISIL AA/Positive (Reaffirmed)
Non-Convertible Debentures Aggregating Rs.102.80 Billion	CRISIL AA/Positive (Reaffirmed)
Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion	CRISIL AA/Positive (Reaffirmed)
Fixed Deposit Programme	CRISIL FAA+/Positive (Reaffirmed)
Rs.20.00 Billion Short-Term Debt Programme	CRISIL A1+ (Reaffirmed)

RATING HISTORY

Date	Long-Term	Fixed Deposit	Short-Term	Rating Watch/Outlook
No ratings change in last three years				

In August 2014, CRISIL revised its rating outlook on the long-term debt instruments, bank facilities and fixed deposits of Shriram Transport Finance Company Ltd (STFCL) to 'Positive' from 'Stable', while reaffirming the ratings at 'CRISIL AA/FAA+'. The rating on the company's short-term debt instruments and bank facilities have been reaffirmed at 'CRISIL A1+'.

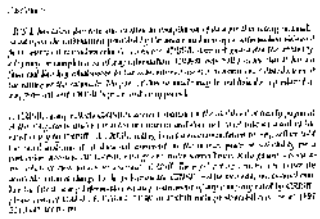
The outlook revision primarily reflected CRISIL's expectation that the commercial vehicle (CV) cycle will bottom out over the next few quarters. The expected improvement in industrial growth to 3.6 per cent in 2014-15 (refers to financial year, April 1 to March 31) from 0.4 per cent the previous year and easing of infrastructure constraints will lead to improvement in utilisation of current CV capacity and will improve cash flows of transporters. This is expected to lead to gradual improvement in STFCL's asset quality and profitability. The outlook revision also factored in CRISIL's belief that the company will sustain its strong competitive position in the pre-owned CV financing market and benefit from the sound growth potential for this segment over the medium term.

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CRISIL Complexity Levels are assigned to various types of financial instruments. The CRISIL Complexity Levels are available on www.crisil.com/complexity-levels. Investors are advised to refer to the CRISIL Complexity Levels for instruments that they propose to invest in. Investors can also call the Customer Service Helpdesk with queries on specific instruments.

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FOR SHRIRAM TRANSPORT FINANCE CO. LTD.

V. M. Agrawal
Company Secretary

CRISIL believes that STFCL's gross NPAs are unlikely to remain at these cyclical high levels and its asset quality is expected to improve gradually over the next few quarters, as borrowers cash flows will be positively impacted from an improvement in capacity utilisation of existing vehicles. This will be primarily supported by improvement in the economic environment and policy impetus on infrastructure and investment activity. The company's profitability is expected to improve gradually over the next few quarters in line with the likely improvement in its asset quality. Furthermore, the company's leadership position in pre-owned CV financing market will ensure that its profitability remains better than that of other CV financiers.

Rating Drivers

Strengths
- Market leadership in pre-owned CV financing segment
- Healthy capitalisation
- Comfortable earnings profile

Weakness
- Average, albeit improving, resource profile

Rating sensitivity factors
- Significant changes in capitalisation and asset quality
- Deterioration in earnings profile
- Impact of regulatory changes

Outlook: Positive

CRISIL believes that STFCL will sustain its strong market position in the pre-owned CV financing segment, along with its healthy capitalisation and comfortable earnings profile, over the medium term. The ratings may be upgraded if there is a turnaround in the CV cycle which is expected to result in an improvement in STFCL's asset quality and profitability. Conversely, the outlook may be revised to 'Stable' if the company's asset quality does not improve significantly, adversely impacting its earnings profile.

Rationale

Incorporated in 1979, STFCL is the flagship company of the Shriram group. The company is registered with the Reserve Bank of India (RBI) as a deposit-taking, systematically important, asset-financing non-banking financial company (NBFC-D-SI). STFCL predominantly finances CVs (both pre-owned and new) to the small road transport operators (SRTO), first-time users (FTUs), and first-time buyers (FTBs). The company also finances purchase of tractors, passenger vehicles, earth-moving equipment, and large agricultural equipment, among others. While the Shriram group previously operated its CV financing business through multiple companies, the business has now been almost entirely consolidated under STFCL. STFCL operates through 700 branches, and 635 rural centres, and had assets under management (AUM) of Rs.555.5 billion as on September 30, 2014.

STFCL reported total income (net of interest expense) and profit after tax (PAT) of Rs.38.1 billion and Rs.12.6 billion, respectively, for 2013-14, as against Rs.36.4 billion and Rs.13.6 billion, respectively, for 2012-13. For the six months ended September 30, 2014, the company reported total income (net of interest

expense) and PAT of Rs.20.1 billion and Rs.6.1 billion, respectively, as against Rs.19.3 billion and Rs.6.7 billion, respectively, for the corresponding period of the previous year.

The ratings reflect STFCL's following strengths:

Market leadership in pre-owned CV financing segment
STFCL has pioneered the organised pre-owned CV financing market in India – the company's market share was around 80.5 per cent as on March 31, 2014. STFCL is also the largest CV financier in the country. The company's total AUM were Rs.555.5 billion as on September 30, 2014 (Rs.531.0 billion as on March 31, 2014), with pre-owned CV financing constituting about 89.4 per cent of the AUM as on date. STFCL has a sizeable presence in the new CV financing segment, with a market share of around 11 per cent as on March 31, 2014.

The company lends predominantly to the relatively risky SRTO (typically own one to three vehicles), FTU, and FTB segments (marked by inadequate banking habits, single asset dependence, and lack of documentation such as income tax statements and bank statements). With presence of over three decades in pre-owned CV financing business, STFCL has created a strong and sustainable competitive advantage through deep understanding of the borrower profile and their credit behaviour, by building an effective and suitable operating model, extensive reach, and strong valuation capabilities of pre-owned vehicles.

STFCL faces limited competition from other organised financiers, as banks and other NBFCs typically do not extend credit to this segment because of its relatively high risk profile, and therefore, these borrowers raise funds at high rates from local money lenders. STFCL's business strategy involves providing loans to this segment through an established distribution network across India, and a large network of franchisees. The franchisee network essentially comprises tie-ups with local money lenders where the loans provided are on STFCL's balance sheet, while the credit risks are absorbed by the money lender. Given the large size of the unorganised market, the business prospects for this segment remain strong, while entry barriers are significant. Furthermore, the market potential remains high given the replacement demand for the CV sales of more than 3 million units over the past five years.

STFCL's AUM grew at a moderate compounded annual growth rate (CAGR) of 14 per cent for the three years ended March 31, 2014; the company reported AUM of Rs.555.5 billion as on September 30, 2014. Growth has been largely driven by the pre-owned vehicle financing segment, while growth in the new vehicle financing segment has declined significantly due to subdued primary market sales and intense competition from banks. The company's growth is likely to continue to be driven by the growth in the pre-owned vehicle financing segment in the near term, aided by the company's expansion into rural areas. STFCL have opened around 279 rural centres in the last one year to support its growth in the pre-owned CV financing and other product segments and will continue to expand in rural areas.

To strengthen its competitive advantage in the CV financing segment, STFCL has innovated the concept of setting up CV secondary sales market places, through wholly owned subsidiary, Shriram Automall India Ltd (Shriram Automall; rated 'CRISIL AA/Positive'). This innovation enhances prospects for STFCL's financing business, and improves its access to information on vehicle pricing, model and manufacturer level resale values, enabling better credit decisions. Shriram Automall helps generate a reasonable proportion of pre-owned vehicle financing business. The Automall has created an organised market for trading of refurbished pre-owned CVs and repossessed vehicles of other CV financers. STFCL also offers the Automall platform to banks and other lenders for selling their repossessed vehicles. Another important growth driver is the company's diversification into segments with strong growth

potential, such as financing of construction equipments, through the wholly owned subsidiary, Shriram Equipment Finance Company Ltd (SEFC; rated 'CRISIL AA/Positive/CRISIL A1+').

CRISIL believes that STFCL has strong structural advantages over its peers, which will support its above-average growth plans and enable it to maintain its leadership position in the pre-owned CV financing segment over the medium term. Furthermore, STFCL's diversification initiatives are synergistic, and will support its market position. However, diversification into unrelated businesses could adversely impact STFCL's credit risk profile, and remains a key monitorable.

Healthy capitalisation

STFCL has healthy capitalisation, as indicated by its large net worth and moderate gearing. The company's net worth of Rs.82.3 billion as on March 31, 2014 (Rs.71.6 billion as on March 31, 2013), is among the highest for asset-financing NBFCs. STFCL's adjusted gearing (including securitisation) remains moderate, at 6.4 times as on March 31, 2014 (improved from 7.4 times as on March 31, 2011), and is likely to remain between 6 and 7 times over the medium term. STFCL's net worth and gearing were Rs.88.3 billion and 5.9 times, respectively, as on September 30, 2014.

STFCL's high Tier-I capital adequacy ratio (CAR) and overall CAR of 17.1 per cent and 22 per cent, respectively, as on September 30, 2014 (17.69 per cent and 23.37 per cent, respectively, as on March 31, 2014) will support the company's growth over the medium term. The company's capitalisation is marked by accretive return on equity and regular capital infusion to support growth. The company's return on net worth averaged 20.1 per cent between 2011-12 and 2013-14. STFCL's capitalisation is supported by regular capital infusion to support growth, with the last infusion being of Rs.5.84 billion through a qualified institutional placement in January 2010.

STFCL's healthy capitalisation provides adequate cushion against asset-side risks. The net worth coverage for net non-performing assets (NPAs) remained comfortable, at 25.3 times as on September 30, 2014 (27.2 times as on March 31, 2014).

CRISIL believes that STFCL's capitalisation will remain healthy, supported by its high net worth, comfortable return on net worth and flexibility to raise capital, and provide cushion against asset-side risks.

Comfortable earnings profile

STFCL has a comfortable earnings profile with return on managed assets (RoMA) ratio, at around 2.0 per cent during 2013-14, remaining higher than that of other large CV financiers (average of 1.8 per cent), despite moderation in net interest margins (NIMs; including securitisation income) and higher provisioning costs over the past few years. The company's RoMA was around 1.8 per cent (annualised) during the half year ended September 30, 2014.

STFCL had healthy NIMs of 6.0 per cent during 2013-14 (6.3 per cent in 2012-13). STFCL's NIMs are primarily supported by its strong competitive position in the high yielding pre-owned CV financing segment coupled with high reliance on securitisation and loan assignment transactions which reduces its funding costs. Furthermore, STFCL's operating costs are relatively lower than those of its peers, with an operating expenses ratio of 1.5 per cent in 2013-14 (1.4 per cent the previous year); this is because the company has in-house credit appraisal and valuation expertise, and its remuneration structure borders on the line of a 50:50 fixed and variable structure, which helps contain operating costs. Also, multiple responsibilities of field officers spread costs. STFCL's large scale of operations and presence of branches

close to trucking zones/off-city limits, where operating costs are low, have helped the company contain operating costs.

However, STFCL's profitability was impacted as reflected in the decline in RoMA to 2.0 per cent in 2013-14 (from 2.3 per cent in 2012-13) mainly on account of moderation in securitisation income and sharp increase in credit costs. The company's income from securitisation declined by 28.6 per cent to Rs.13.4 billion during 2013-14. Its credit costs increased by 22 per cent to Rs.10.3 billion on account of higher delinquencies. Credit costs remained high, at 1.6 per cent (as per cent of average managed assets) during 2013-14 (1.5 per cent in 2012-13). While, delinquencies have increased over the past two years because of macroeconomic challenges and the relatively riskier profile of the borrowers, the asset quality is expected to improve gradually from the second half of 2014-15, as borrowers cash flows will be positively impacted from an improvement in capacity utilisation of existing vehicles. This will be primarily supported by improvement in the economic environment and policy impetus on infrastructure and investment activity.

CRISIL believes that STFCL's profitability will improve gradually over the next few quarters in line with the likely improvement in its asset quality. Furthermore, the company's leadership position in pre-owned CV financing market will ensure that its profitability remains better than that of other CV financiers.

The above-mentioned strengths are partially offset by STFCL's following weakness:

Average, albeit improving, resource profile

STFCL has an average resource profile marked by high dependence on wholesale funding, including securitisation and assignments, and relatively high borrowings costs as compared to that of its peers.

While STFCL has a diversified resource mix comprising of capital market instruments, bank borrowings, securitisation and retail funding, it largely remains wholesale in nature; banks and financial institutions account for around 80 per cent of its borrowings as on March 31, 2014. The company's dependence on securitisation (including assignments) remains high, at around 32 per cent of the overall borrowings (including securitisation) as on March 31, 2014, despite declining from 45 per cent as on March 31, 2011. This is primarily because its SRTO portfolio qualifies as priority sector advances for scheduled commercial banks (who are the investors in its securitised loans) and helps in reducing its effective borrowing cost.

STFCL's borrowing cost is also relatively high compared to that of its peers; the borrowing cost was around 11.2 per cent (based on quarterly average borrowings) during 2013-14 (11.3 per cent in 2012-13).

Nevertheless, STFCL is focusing on gradually increasing the proportion of retail borrowings to diversify its resource profile. The company has successfully tapped the retail investor segment over the past five years through its fixed deposits programme and regular public issues of non-convertible debentures (NCDs).

CRISIL believes that STFCL's ability to diversify its resource profile, reduce dependence on securitisation, and maintain competitive borrowing costs will remain key monitorables over the medium term.

Business Profile

Market position

Chart 1: Trend in AUM

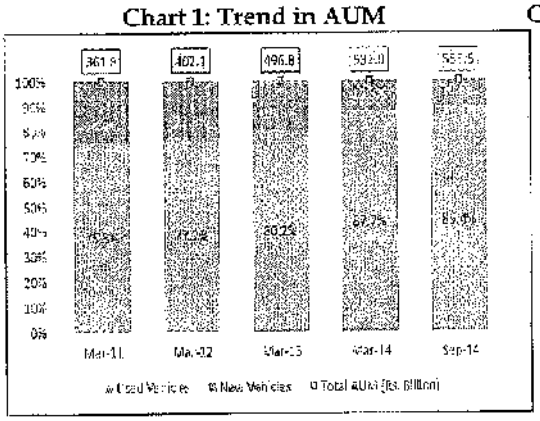
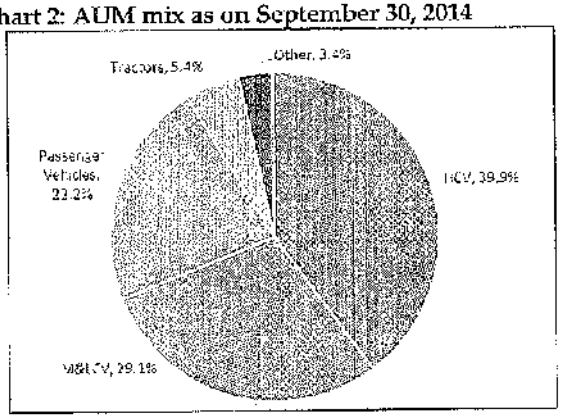


Chart 2: AUM mix as on September 30, 2014



STFCL's AUM grew at a modest pace of 3.3 per cent y-o-y to reach Rs.555.5 billion as on September 30, 2014 (Rs.531.0 billion as on March 31, 2014), *(refer to Chart 1)*, driven by the growth in pre-owned vehicle financing segment (9.9 per cent; y-o-y). Growth in the new vehicle financing segment, however, declined by 32 per cent y-o-y for the six months ended September 31, 2014.

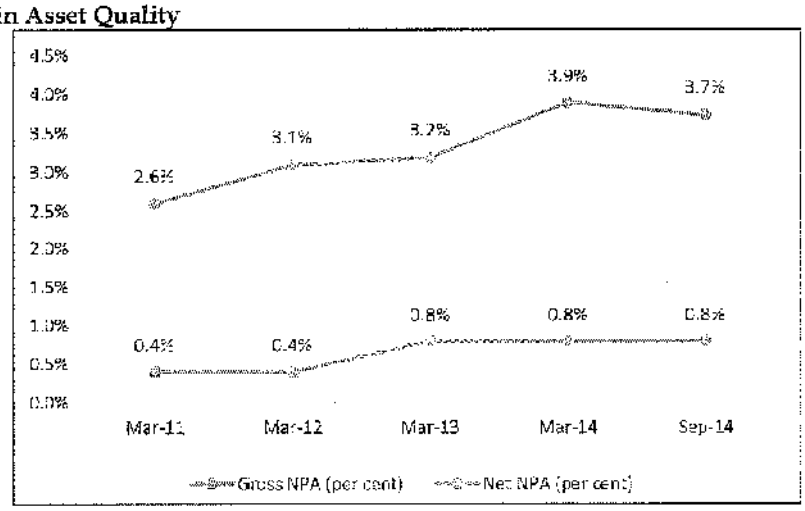
The company predominantly finances CVs, which accounted for 69 per cent of its AUM as on September 30 2014. Pre-owned vehicle financing accounted for 89.4 per cent of the AUM; new vehicle financing accounts for the rest. Apart from CVs, STFCL also provides financing for passenger vehicles and tractors which comprise around 22.2 per cent and 5.4 per cent of its AUM, respectively, as on September 30, 2014. STFCL has been gradually increasing its portfolio under these segments to diversify its product mix and drive overall growth given the slowdown in the CV financing segment.

STFCL had 700 branches, 635 rural centres, and a large network of franchisees as on September 30, 2014. Also, to enhance its geographic presence, the company has entered into subvention and financing arrangements with private financers to on-lend to customers in new geographies. STFCL also intends to increase disbursements in the freight discounting segment over the medium term through improved use of mobile banking technology.

Additionally, the company is taking measures such as promoting auto malls and truck bazaars through its subsidiary, Shriram Automall India Ltd, to promote third-party sales and increase fee income; 40 auto malls are operational as on September 30, 2014. STFCL has also diversified into the construction equipment financing business through SEFC, which had AUM of Rs.33.9 billion as on September 30, 2014.

Asset quality

Chart 3: Trend in Asset Quality



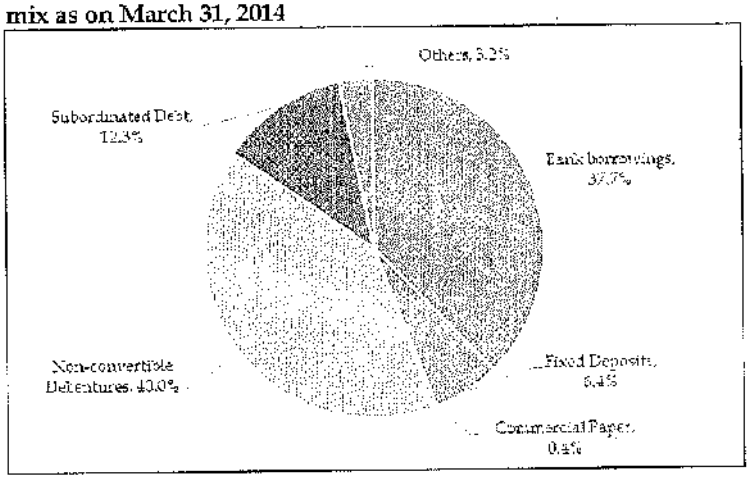
While STFCL predominantly lends to the relatively riskier SRTO, FTU, and FTB segments, and hence, has inherent weakness in its borrower profile, it has adequately managed asset quality challenges, despite the prolonged economic downturn over the past two years. STFCL's track record in the vehicle financing business and its understanding of the SRTO market, has enabled the company to develop long-standing relationship with its customers and a robust valuation and collection mechanism, providing cushion against increase in delinquencies in the portfolio. STFCL has around 9,681 field officers as on September 30, 2014, who are responsible for collections and stay in regular touch with borrowers. The company has stringent underwriting standards; its LTV ratio, at around 60 per cent in pre-owned vehicles and around 80 per cent in new vehicles, is lower than the industry average. The company has reduced its LTV ratio in the recent past to contain the deterioration in asset quality.

STFCL's gross NPAs were around 3.9 per cent as on March 31, 2014 (3.2 per cent as on March 31, 2013; *refer to Chart 3*), and is expected to have reached near peak levels. STFCL's asset quality performance in the pre-owned CV financing segment has been relatively better than that in the new CV financing segment, unlike in past experience. The increase in delinquencies was primarily because of high proportion of advances in the medium and heavy commercial vehicles segment which was adversely affected by the industrial slowdown. Nevertheless, STFCL has made adequate provisions for NPAs as reflected in its low net NPAs of around 0.8 per cent as on March 31, 2014 (0.8 per cent as on March 31, 2013). STFCL's gross and net NPAs were 3.7 per cent and 0.8 per cent, respectively, as on September 30, 2014.

CRISIL believes that STFCL's asset quality will improve gradually from the second half of 2014-15, as borrowers cash flows will be positively impacted from an improvement in capacity utilisation of existing vehicles. This will be primarily supported by improvement in the economic environment and policy impetus on infrastructure and investment activity. STFCL's ability to manage pressure on asset quality will remain a key monitorable in the near term; more-than-expected deterioration in asset quality will result in increased pressure on the company's earnings profile.

Resources

Chart 4: Resources mix as on March 31, 2014



STFCL primarily depends on wholesale borrowings to meet its resource requirements, with borrowings from banks and other institutions constituting almost 80.5 per cent of its borrowings as on September 30, 2014 *(refer to Chart 4)*. Assignments and securitisation accounted for 32 per cent of the overall borrowings as on March 31, 2014. However, the proportion of assignments and securitisation has declined steadily over the past two years because of reduced reliance on this route following the revised securitisation guidelines. STFCL's average cost of borrowing, at 11.2 per cent (based on quarterly average borrowings) during 2013-14 (11.3 per cent in 2012-13), remains relatively higher than that of its peers. STFCL, nevertheless, has a diverse lender base - it has relationship with around 70 banks and financial institutions - and its debt issuances have good acceptability across various investor classes. STFCL is also focusing on increasing the proportion of funding from retail investors, which will lend stability to its resource profile. STFCL has limited reliance on short-term borrowings.

Financial Profile

Capitalisation

Chart 5: Trend in net worth and adjusted gearing

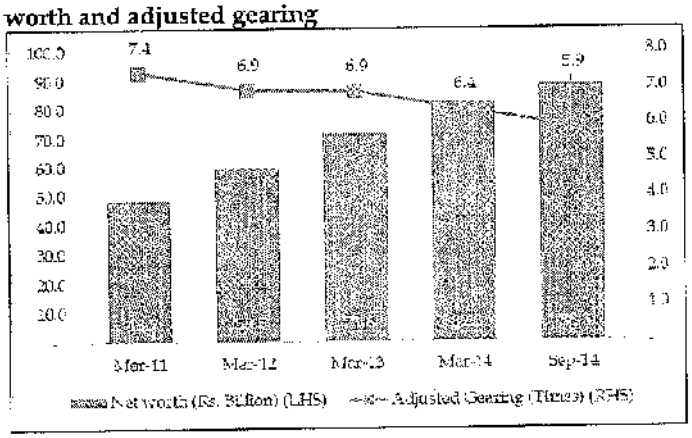
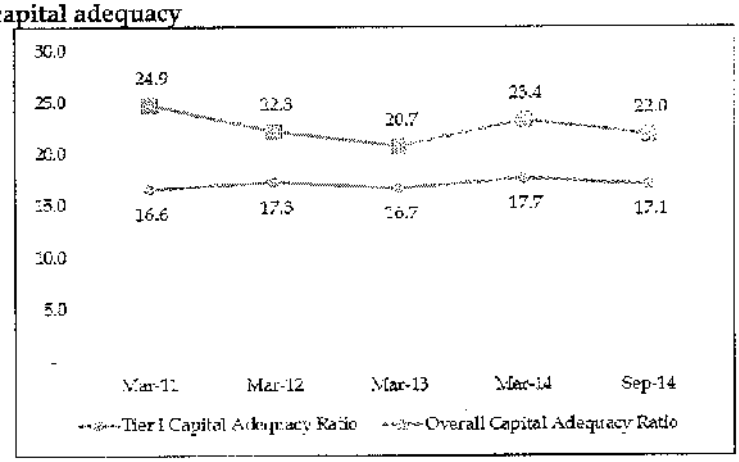


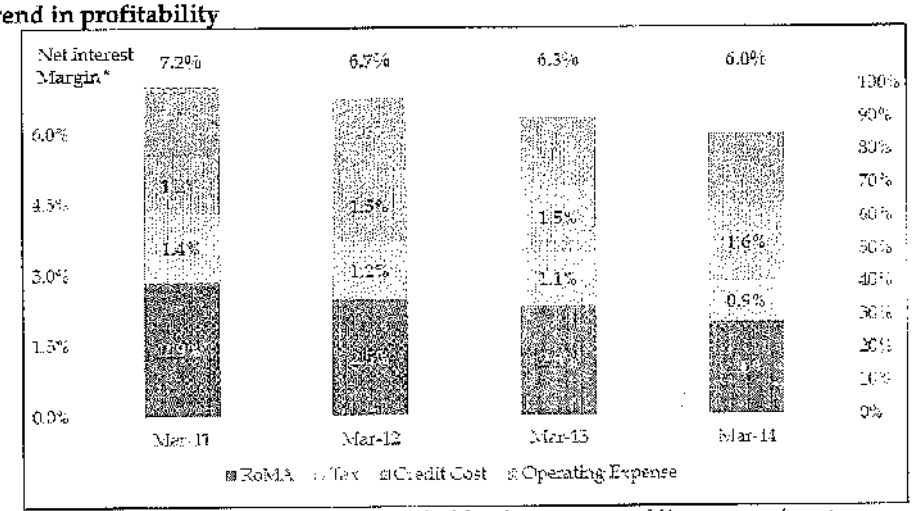
Chart 6: Trend in capital adequacy



STFCL's absolute net worth and gearing (including securitisation) were Rs.88.3 billion and 5.9 times respectively as on September 30, 2014 (Rs.82.3 billion and 6.4 times, respectively, as on March 31, 2014; *refer to Chart 5)*. STFCL's Tier-I and overall CAR were at 17.1 per cent and 22 per cent, respectively, as on September 30, 2014 (17.7 per cent and 23.4 per cent, respectively, as on March 31, 2014). The company's capitalisation is supported by comfortable return on net worth of 14.2 per cent (annualised) for the first half of 2014-15 (16.4 per cent for 2013-14). The net worth coverage for net NPAs remained comfortable, at 25.4 times as on September 30, 2014 (27.2 times as on March 31, 2014).

Earnings

Chart 7: Trend in profitability



**Net Interest margin = [Total Income (including securitisation) less interest expense]/Avg managed assets*

STFCL's earnings profile is primarily supported by its higher yields in the pre-owned CV financing segment, enabling the company to maintain comfortable net interest margins. The company's RoMA, at 2.0 per cent in 2013-14 *(refer to Chart 7)* remained higher than CV financing industry average. The RoMA, however, declined from 2.3 per cent in the previous year because of moderation in securitisation income on account of revised securitisation guidelines and higher credit costs. The securitisation income declined

by 28.6 per cent to Rs.13.4 billion in 2013-14 while the credit costs increased by 22 per cent to Rs.10.3 billion. The company's RoMA was at 1.9 per cent (annualised) for the half year ended September 30, 2014.

STFCL's fee income level is currently modest, but is expected to improve gradually on the back of initiatives, such as organising truck bazaars and auto malls, where the company earns brokerage on trucks sold.

STFCL reported total income (net of interest expense) and profit after tax (PAT) of Rs.38.1 billion and Rs.12.6 billion, respectively, for 2013-14, as against Rs.36.4 billion and Rs.13.6 billion, respectively, for 2012-13. For the six months ended September 30, 2014, the company reported total income (net of interest expense) and PAT of Rs.20.1 billion and Rs.6.1 billion, respectively, as against Rs.19.3 billion and Rs.6.7 billion, respectively, for the corresponding period of the previous year.

Liquidity and asset liability management (ALM)

STFCL has adequate ALM with positive cumulative mismatches across all maturity buckets as on March 31, 2014. The company's ALM is supported by its ability to raise long-term borrowings to adequately match the long tenure of assets. Hence, the company has relatively low reliance on short-term borrowings, at 6 per cent of total borrowings (including securitisation) as on March 31, 2014.

STFCL has a comfortable liquidity position. The company had sufficient liquid investments of Rs.98.6 billion as on September 30, 2014, to meet short-term liquidity requirements. Furthermore, the company had adequate unutilised bank lines of around Rs.32 billion as on September 30, 2014, to meet short-term liquidity requirements.

Key Financials – Shriram Transport Finance Company Ltd. (Standalone)

As on / for the period ended March 31,		2014	2013	2012	2011
Equity Capital	Rs. Billion	2.3	2.3	2.3	2.3
Net Worth	Rs. Billion	82.3	71.6	59.5	48.7
Total Debt	Rs. Billion	359.2	310.0	231.3	198.8
Total Debt (including securitisation)	Rs. Billion	525.5	492.3	413.5	362.0
On-Book Advances	Rs. Billion	364.7	314.4	219.9	198.7
Total Assets	Rs. Billion	492.3	444.6	357.8	316.3
Assets under management	Rs. Billion	531.0	496.8	402.1	361.8
Interest Income	Rs. Billion	60.9	45.2	37.0	37.2
Income from Securitisation	Rs. Billion	13.4	18.7	20.9	15.9
Other Income	Rs. Billion	3.4 *	1.7	1.0	1.0
Total Income	Rs. Billion	77.7	65.6	58.9	54.0
Interest Expenses	Rs. Billion	39.3	28.8	24.6	22.9
Operating Expenses (incl. depreciation)	Rs. Billion	9.8	8.2	7.8	7.4
Provisions & Write-offs	Rs. Billion	10.3 *	8.5	7.7	5.2
PAT	Rs. Billion	12.6	13.6	12.6	12.3
Ratios:					
Return on Managed Assets (RoMA)	%	2.0	2.3	2.5	2.9
Return on net worth (RoE)	%	16.4	20.8	23.2	28.4
Adjusted Gearing	Times	6.4	6.9	6.9	7.4
Tier I Capital Adequacy Ratio	%	17.7	16.7	17.3	16.6
Overall Capital Adequacy Ratio	%	23.4	20.7	22.3	24.9
Gross NPA	%	3.9	3.2	3.1	2.6
Net NPA	%	0.8	0.8	0.4	0.4
Net worth/Net NPA	Times	27.2	29.6	60.9	65.4

** Adjusted for reversal of provision for credit loss on securitisation*

As on / for the period ended September 30,		2014	2013
Equity Capital	Rs. Billion	2.3	2.3
Net Worth	Rs. Billion	88.3	78.2
Total Debt	Rs. Billion	406.7	360.1
Total Debt (including securitisation)	Rs. Billion	521.0	523.0
Assets under management	Rs. Billion	555.5	537.8
Total Assets	Rs. Billion	541.1	504.1
Interest Income	Rs. Billion	36.4	31.0
Securitisation Income	Rs. Billion	4.8	7.4
Other Income	Rs. Billion	0.04	0.05
Interest Expended	Rs. Billion	20.7	18.7
Operating Expenses (incl. depreciation)	Rs. Billion	5.3	4.8
Provisions & Write-offs	Rs. Billion	6.3	5.4
PAT	Rs. Billion	6.1	6.7
Ratios:			
Return on Managed Assets	%	1.8	2.1
Return on net worth	%	14.3	17.8
Adjusted Gearing	Times	5.9	6.7
Overall Capital Adequacy Ratio	%	22.0	19.9
Gross NPA	%	3.7	3.3
Net NPA	%	0.8	0.7
Net Worth / Net NPA	Times	25.3	31.1

Annexure – Bank-wise details of various facility classes

1. Short-Term bank facility

S.No.	Bank	Amount (Rs. Billion)	Rating
1	Bank of Tokyo Mitsubishi UFJ Ltd	1.80	CRISIL A1+
2	Barclays Bank PLC	1.50	CRISIL A1+
3	Mizhuo Corporate Bank Ltd	1.50	CRISIL A1+
4	Citicorp Finance India Ltd	1.00	CRISIL A1+
5	HSBC	2.50	CRISIL A1+
6	ICBC	0.55	CRISIL A1+
7	State Bank of Mauritius	0.20	CRISIL A1+
	Total	**9.05**	

2. Bank Guarantee

S.No.	Bank	Amount (Rs. Billion)	Rating
1	Allahabad Bank	1.50	CRISIL A1+
2	Andhra Bank	2.50	CRISIL A1+
3	Axis Bank	3.50	CRISIL A1+
4	Bank of America	0.68	CRISIL A1+
5	Bank of India	0.90	CRISIL A1+
6	Central Bank of India	1.00	CRISIL A1+
7	DBS Bank Ltd	0.50	CRISIL A1+
8	IDFC Ltd.	6.50	CRISIL A1+
9	Indian Overseas Bank	3.00	CRISIL A1+
10	Syndicate Bank	3.00	CRISIL A1+
11	Union Bank	3.00	CRISIL A1+
	TOTAL	**26.08**	

3. Bank Guarantee (Long-Term)

S.No.	Bank	Amount (Rs. Billion)	Rating
1	ICICI Bank^	8.00	CRISIL AA/Positive

^ in the form of Second loss Credit Enhancement for transactions involving Direct Assignment / Securitization of specific pools of receivables

4. Long-Term bank facility

S.No.	Bank	Amount (Rs. Billion)	Rating
1	Abu Dhabi Commercial Bank	0.40	CRISIL AA/Positive
2	Allahabad Bank	6.00	CRISIL AA/Positive
3	Andhra Bank	5.00	CRISIL AA/Positive
4	Axis Bank	5.00	CRISIL AA/Positive
5	Australia and New Zealand Banking Group Limited	1.10	CRISIL AA/Positive
6	Bank of Baroda	15.50	CRISIL AA/Positive
7	Bank of India	7.80	CRISIL AA/Positive
8	Bank of Maharashtra	2.00	CRISIL AA/Positive
9	Canara Bank	5.00	CRISIL AA/Positive
10	Central Bank of India	5.00	CRISIL AA/Positive
11	City Union Bank	0.25	CRISIL AA/Positive
12	Deutsche Bank AG	5.30	CRISIL AA/Positive
13	HDFC Bank	2.50	CRISIL AA/Positive
14	The Hongkong and Shanghai Banking Corporation Ltd	5.00	CRISIL AA/Positive

15	IDBI Bank	7.00	CRISIL AA/Positive
16	Indian Bank	5.00	CRISIL AA/Positive
17	Indian Overseas Bank	3.00	CRISIL AA/Positive
18	Jammu & Kashmir Bank	6.50	CRISIL AA/Positive
19	Karnataka Bank	4.25	CRISIL AA/Positive
20	Kotak Mahindra Bank	1.00	CRISIL AA/Positive
21	Lakshmi Vilas Bank	1.00	CRISIL AA/Positive
22	Oriental Bank of Commerce	4.00	CRISIL AA/Positive
23	Punjab & Sindh Bank	3.50	CRISIL AA/Positive
24	Shinhan Bank	0.28	CRISIL AA/Positive
25	Small Industries Development Bank of India	13.20	CRISIL AA/Positive
26	Societe Generale Corporate & Investment Banking	0.80	CRISIL AA/Positive
27	South Indian Bank	2.00	CRISIL AA/Positive
28	State bank of India	5.00	CRISIL AA/Positive
29	State Bank of Bikaner & Jaipur	3.00	CRISIL AA/Positive
30	State Bank of Hyderabad	3.00	CRISIL AA/Positive
31	State Bank of Mauritius	0.20	CRISIL AA/Positive
32	State Bank of Mysore	1.00	CRISIL AA/Positive
33	State Bank of Travancore	2.00	CRISIL AA/Positive
34	Syndicate Bank	12.00	CRISIL AA/Positive
35	UCO Bank	2.50	CRISIL AA/Positive
36	Union Bank of India	2.00	CRISIL AA/Positive
37	United Bank Of India	6.00	CRISIL AA/Positive
38	Vijaya Bank	2.00	CRISIL AA/Positive
	TOTAL	156.08	

5. Cash Credit/Working Capital Demand Loan

S.No.	Bank	Amount (Rs. Billion)	Rating
1	Allahabad Bank	2.00	CRISIL AA/Positive
2	Andhra Bank	1.50	CRISIL AA/Positive
3	Axis Bank	4.00	CRISIL AA/Positive
4	Bank of America	0.24	CRISIL AA/Positive
5	Bank of Bahrain & Kuwait	0.10	CRISIL AA/Positive
6	Bank Of Baroda	1.00	CRISIL AA/Positive
7	Bank of Ceylon	0.06	CRISIL AA/Positive
8	Bank of India	9.00	CRISIL AA/Positive
9	Bank of Maharashtra	1.00	CRISIL AA/Positive

10	Canara Bank	0.75	CRISIL AA/Positive
11	Central Bank of India	3.00	CRISIL AA/Positive
12	CitiBank NA	0.50	CRISIL AA/Positive
13	Corporation Bank	0.50	CRISIL AA/Positive
14	Dena Bank	1.75	CRISIL AA/Positive
15	Deutsche Bank AG	0.25	CRISIL AA/Positive
16	HDFC Bank	1.20	CRISIL AA/Positive
17	The Hongkong and Shanghai Banking Corporation Ltd	0.40	CRISIL AA/Positive
18	ICICI Bank *	1.00	CRISIL AA/Positive
19	IDBI Bank *	4.50	CRISIL AA/Positive
20	Indian Overseas Bank	3.00	CRISIL AA/Positive
21	Indusind Bank *	1.50	CRISIL AA/Positive
22	Kotak Mahindra Bank *	1.50	CRISIL AA/Positive
23	Oriental Bank of Commerce	2.00	CRISIL AA/Positive
24	Punjab National Bank	2.50	CRISIL AA/Positive
25	The Ratnakar Bank	0.40	CRISIL AA/Positive
26	South Indian Bank	0.50	CRISIL AA/Positive
27	Standard Chartered Bank	1.50	CRISIL AA/Positive
28	State Bank of Bikaner & Jaipur	0.50	CRISIL AA/Positive
29	State Bank of India	6.00	CRISIL AA/Positive
30	State Bank of Mysore	1.00	CRISIL AA/Positive
31	State Bank of Patiala	0.50	CRISIL AA/Positive
32	State Bank of Travancore	0.50	CRISIL AA/Positive
33	Syndicate Bank	2.00	CRISIL AA/Positive
34	UCO Bank	1.50	CRISIL AA/Positive
35	Union Bank of India	4.00	CRISIL AA/Positive
36	United Bank Of India	1.50	CRISIL AA/Positive
37	Vijaya Bank	1.00	CRISIL AA/Positive
38	Yes Bank*	0.75	CRISIL AA/Positive
	TOTAL	64.90	

**Rs.1.5 billion, Rs.0.5 billion, Rs.1.0 billion, Rs.4.5 billion and Rs.0.25 billion of cash credit/working capital demand loans from Indusind Bank, ICICI Bank, Kotak Bank, IDBI Bank and Yes bank is interchangeable with bank guarantee facility.*

6. Other Facility

S.No.	Bank	Amount (Rs. Billion)	Rating
1	Proposed Long-Term Bank Loan Facility	35.90	CRISIL AA/Positive

CRISIL Limited
CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400076.
Tel: + 91 (22) 3342 3000 – 09 Fax: + 91 (22) 3342 3001

CRISIL rating actions are updated online on **www.crisil.com**

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For SHRIRAM TRANSPORT FINANCE CO. LTD.
V. M. Achwal
Company Secretary

Annexure III

India Ratings & Research
A Fitch Group Company

Financial Institutions

Financial

Shriram Transport Finance Co. Ltd.

Full Rating Report

Ratings

Long-Term Issuer Rating	IND AA+
Short-Term Issuer Rating	IND A1+
Fixed Deposits	IND AA+
Long-Term NCDs	IND AA+
Lower Tier II Subordinated Debt	IND AA+
Long-Term Bank Loan	IND AA+
Short-Term Bank Loan	IND A1+
Short-Term Debt	IND A1+

Outlook

Long-Term Issuer Rating	Stable

Financial Data

Shriram Transport Finance Co. Ltd.

Particulars	30 Sep 14	31 Mar 14
Total assets (USDm)	8,801	8,046
Total assets (INRm)	541,065	480,781
Total equity (INRm)	88,806	82,732
Net income (INRm)	6,679	12,842
ROA (%)	1.9*	2.9
ROE (%)	14.2*	16.3
Return on managed assets (%)	1.9*	2.0
Equity/managed assets (%)	13.6	12.6

*Annualised

Key Rating Drivers

De-risking of Balance Sheet: India Ratings & Research upgraded Shriram Transport Finance Company Limited's (STFC) Long-Term Issuer Rating and rated its retail non-convertible debentures (NCDs) in June 2014. The rating upgrade factors in STFC's on-going de-risking in the asset and liability profile as it shifts its loan portfolio to lower vintage used vehicles which is likely to have better customer profile and also increases retail funding. This transition into a better customer profile is likely to strengthen the company's asset quality through a reduction in through-the-cycle credit costs and thus earnings volatility. A larger proportion of retail funding is likely to increase stability especially during periods of liquidity stress in the system.

Market Leadership in Used Vehicle Finance: STFC has a predominant position in India's used commercial vehicle (CV) financing market with limited competition in its niche position. The company has the largest asset base and equity among asset finance companies in India with a used vehicle portfolio larger than the cumulative portfolio of the next 10 asset finance companies put together. It has acquired a strong skill set in used CV financing through its long experience.

Through-the-cycle Stable Performance: STFC has demonstrated resilient performance in a challenging environment over the cycles. Its credit cost on assets under management (AUM) has never exceeded 2.5% of AUM since FY04. Also, pre-provision operating profit (PPOP)/credit costs has been around 3x since FY04.

Expected Improvement in Asset Quality in FY16: Pressure on the credit costs is likely to remain high in FY15 with continuously low capacity utilisation of trucks in the system and depressed used vehicle prices. The weather related disruptions early this year in agriculture and a weaker-than-average and uneven monsoon may continue to put pressure on the asset quality.

Nevertheless, the expected improvement in industrial production will increase load availability for the CV operators. Furthermore, overcapacity in the system should start adjusting as new truck sales have been low while large units of old trucks are being phased out, leading to better freight rates. In addition, the suppressed prices of used vehicles should start improving as truck manufacturers reduce or eliminate discounts. However, the impact of these on credit costs will be felt only with a lag and would reflect only in FY16.

Comfortable Capitalisation for Low Loan Growth: STFC's capitalisation together with its internal accruals (FY14: 15%) can support its moderated loan growth projections (FY15: 10%-15%). Equity to total managed loans was 15.6% in FY14 (1HFY15: 14.2%). Ind-Ra expects STFC to maintain above-average capital, given its above-average credit costs and weak customer profile.

Retail Funding to Increase: STFC plans to increase its retail funding (including debt raised through public issuances) to about quarter of total funding in the next five years from 19.5% in FY14. This could enhance stability especially during liquidity stress. Its assets and liability tenors are well matched, supported by mostly long-term borrowing and a significant proportion of liquid assets on the balance sheet.

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V. M. Agrwal
Company Secretary

Moderate Impact of Revised RBI Guidelines: The recent guidelines from The Reserve Bank of India (RBI) on NPA recognition are likely to have a moderate impact on STFC a steady state basis. The impact however in the transition phase could be up to 30bp on RoA.

Guidelines on RIDF Deposits to Affect Profitability: The RBI guidelines which allow the inclusion of rural infrastructure development fund (RIDF) deposits in the calculation of priority sector advances of banks will reduce demand for priority sector loans from banks, resulting in reduced yields on off-balance sheet loans. STFC being the largest player and also generating a significant proportion of its profits from this segment will be among most affected because of its large off-balance sheet portfolio. Ind-Ra estimates the impact could be about 20bp-30bp on the profitability.

Rating Sensitivities

Positive: Though unlikely in the medium term, sharply diversified funding with lower concentration, significantly higher credit costs buffers while maintaining comfortable capitalisation and a dominant franchise in the used CV financing segment could be positive for the Long-Term Issuer Rating.

Negative: Any sharp rise in the credit costs from an unexpected sharp increase in slippages, weakened funding or liquidity and/or a significant loss of franchise could result in a negative rating action.



Applicable Criteria

Financial Institutions Rating Criteria.
12 September 2012

Non-Bank Finance Companies Criteria.
12 September 2012

Profile

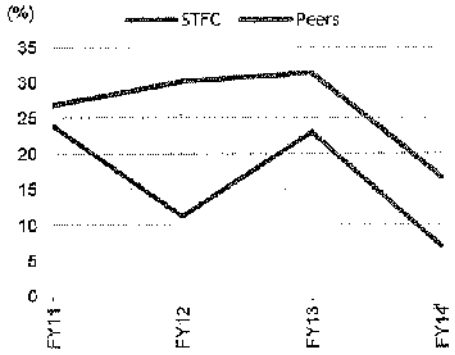
STFC is the flagship company of the Shriram group, which has a presence in consumer finance, life insurance, general insurance, stockbroking and financial product distribution. STFC was incorporated in 1979 and listed in 1984. The company is primarily engaged in providing finance for used and new commercial & passenger vehicles, tractors, three wheelers and multi-utility vehicles. The company also provides working capital and vehicle maintenance expenses to its customers.

To expand its business line, STFC has developed used-CV hubs –auto malls – through a wholly owned subsidiary, Shriram Automall India. This acts as a conduit between the buyers and sellers of used vehicles, refurbished CVs and repossessed vehicles. Besides providing support to STFC in selling repossessed vehicles, it also helps STFC in generating new businesses. The company has forayed into the construction equipment finance business through its subsidiary 'Shriram Equipment Finance Company Ltd' through which it finances both used and new construction equipment.

STFC mostly operates in semi-urban and rural areas and targets the high-yielding, first-time buyers/users and small road transporters segment. The bulk of the company's business is generated from rural and semi urban regions. Besides its strong network of branches to access these regions, the company has tie-ups with over 500 private financers which provide customer leads.

Figure 1

Managed Loan Growth



Source: STFC, Ind-Ra, *Peers - CIFCL, Sundaram , MMFSL

Franchise and Strategy

STFC dominates the organised used CV financing sector, which is estimated to be 2.5x-3.0x larger than the new vehicle financing segment. Its customers are small operators, mostly owner-drivers. Such customers have limited access to financing from banks due to their low banking habits and limited credit track records. This makes credit assessment difficult. STFC has developed significant expertise in credit assessment for this customer segment. In addition, the company's strong franchise is underpinned by its large nationwide presence, strong skills in valuing used vehicles, effective control over collections and ability to recover money from repossessed vehicles.

STFC's portfolio largely consists of older vehicles, and it is expanding its presence in the lower yield category newer, first refinancing vehicles (three to five years category). The transition is driven by (1) the cap of 8% on the spread between yield and base rate on assets eligible for securitisation (2) demand for more fuel-efficient vehicles with rising fuel cost, (3) higher contribution of rural markets in incremental growth where light CVs have higher demand and (4) greater availability of used vehicles of lower vintage especially in view of high growth of light CVs in last few years.

Furthermore, the company portfolio should increase towards either higher tonnage carrying vehicles or light tonnage carrying vehicles as the operating metrics of operating medium tonnage carrying vehicles becomes less attractive. Medium tonnage vehicles are becoming less economically viable with improvements of road infrastructure as well as in the hub and spoke model in the country, leading to cannibalisation of these segments by upper-end and lower-end segments

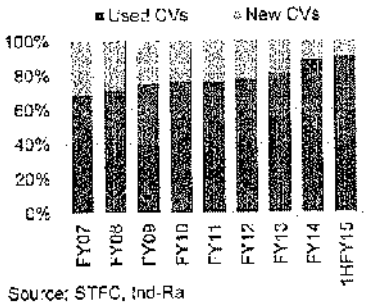
STFC's proportion of new vehicles financing has been declining due to the falling sales of new vehicles and increasing competition in the market, especially from captive finance companies. The proportion of new vehicle in its portfolio reduced to about 12% in FY14 from about 25% in FY12. As new sales remain subdued, the proportion of new vehicles is unlikely to increase in the near term.

The company is planning to expand its presence in high-yielding used rural products to gain growth as well as to offset the compression in margins. The focus is to tap segments which have hitherto been largely borrowing through unorganised segments. This segment is likely to offer high yields, although it may also carry credit costs, if not managed well.

The proportion of new vehicles in AUM reduced to 9.5% in 1HFY15 from 32% in FY07.

Figura 2

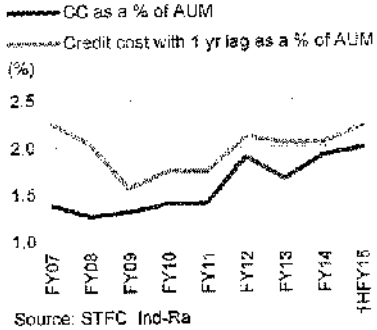
AUM Break Up (New and Used CVs)



Source: STFC, Ind-Ra

Figure 3

Credit Costs Movement



Source: STFC Ind-Ra

Credit Risk

Vehicle financing for small operators, especially used vehicle financing, is risky because of borrowers' profile and asset segment. Credit risk is high given that assessment of valuation of used vehicle (for calculation of the amount of financing) requires skilled judgement calls, with characteristics varying for each vehicle. A higher valuation will lower borrower's equity and could result in higher delinquencies and higher credit losses as the collateral value may be sharply lower than loan outstanding. A lower valuation may on other hand result in losing business due to insufficient financing. A lower valuation may on other hand result in losing business due to insufficient financing.

In addition, background checks in terms of clear title details of the asset financed, loan outstanding if any on the vehicles, possession of vehicle at the time of financing, among others are required. Besides appraisal strength (for both borrower and vehicle), the ability to monitor vehicle movement and a robust mechanism for dues collection are prerequisites for having control over delinquencies.

Nevertheless, borrower's cash flow from the asset financed remains the single-largest determinant of delinquencies like in all revenue-generating asset financing businesses. The ongoing macroeconomic slowdown, with a sharp reduction in industrial production and sluggish construction activities, has reduced the load availability of truck operators. It has been accentuated by increasing operating costs (fuel cost and maintenance charges) which CV operators have found difficult to pass on, leading to reduced cash flows. Credit costs have been rising since FY08 (Figure 3), reflecting the stress in the industry.

Truck operators' dynamics however are likely to improve with the adjustment of excess capacity in the system leading to freight rate improvements. This, in addition to the strengthened prices of used vehicles, should reduce delinquencies and credit costs.

STFC has developed a strong niche in assessing, valuing and financing high vintage used vehicles. The company's skill set developed over the years, experienced employees and wide franchise provide a competitive edge in the business. Its increased focus on low vintage used vehicles as well as higher tonnage vehicles should lower borrower-level credit risk for the company.

Delinquencies and Credit Costs

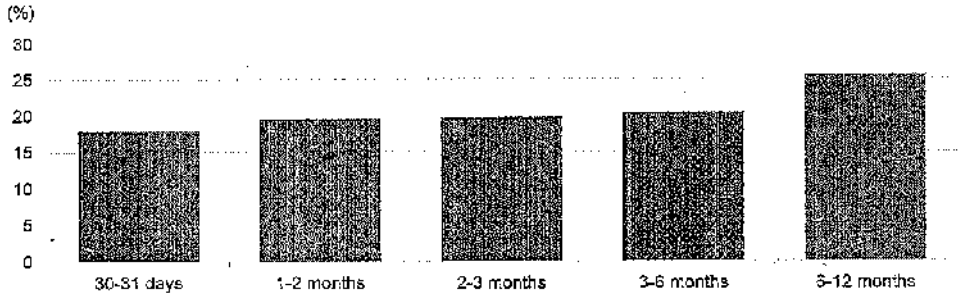
STFC's gross NPLs and credit costs have increased in the current downturn (1HFY15 credit costs: 2.0% of AUM, FY14: credit costs: 2.0% of AUM). The credit costs are likely to remain elevated in FY15 and early FY16, before gradually moderating on the better cash flow of truck operators. Nevertheless, the company's portfolio is more seasoned than that some other players as its AUM growth was much lower in FY14 (about 7%) after growing strongly in FY13 (about 24%). STFC should to that extent be beneficiary and experience a faster recovery in its asset quality, as the economic cycle upturns.

Moreover, STFC is expanding operational footprint - both geographically and segment wise - into new areas, where its ability to replicate its asset quality management skills can be tested.

STFC's reported delinquencies are likely to double as the company has moved to 90dpd NPL recognition from 180dpd. While its impact on a steady state basis, assuming book loan growth of 20%, should be about 10bp, the impact could be about 3bp in the initial transition period.

Figure 4

Excess of Cash Inflow over Outflow (as a % of Balance Sheet Assets) FY14



Source: STFC

Market Risk

Incremental growth in off-book assets has lagged that of on-book assets on regulatory restrictions.

Market risk is low for STFC. While its investments stood at INR35.7bn (about 6% of total balance sheet assets) as at end-FY14, most of it was in short-term, highly liquid bank deposits/government securities. Moreover, the high investment amounts are temporary and cyclical as the company invests the sale proceeds of the portfolio (securitisation/bilateral assignments) into short-term instruments.

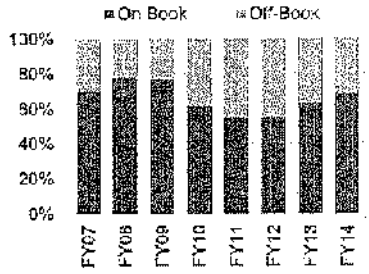
Funding and Liquidity

Funding

STFC's funding is largely wholesale and its dependence on bank funding is high, though comparable to other large peer NBFCs'. However, the funding is spread across several institutional investors and banks, with no high concentration on a particular bank or institution. In addition, sell down of assets (securitisation/bilateral assignments) constitutes a sizeable part of the company's total funding.

Figure 5

AUM Break Up (On Book and Off Book)



Source: STFC, Ind-Ra

Majority of on-book bank funding is in form of term loans with fixed tenure. Moreover, bank funding allows the company to tap longer tenure funding, which is limited in through mutual funds. Additionally, a 30% cap on sectoral exposures for mutual funds has reduced available funding. The recent modification of the taxation regime for mutual funds is likely to further constrict access to mutual funds, thereby increasing bank borrowings and issuances to bank treasuries. However, the company is planning to tap long-term investors such as provident funds and insurance companies for its funding needs.

The proportion of retail funding, which constitutes about 19.5% of total funding, is likely to sharply increase to about quarter of total funding which can increase the stability of the loan portfolio, especially during liquidity stress. While this could lead to some increase in funding costs, the company's healthy margins will absorb them.

Liquidity

STFC's borrowings are largely long tenure with limited reliance on short-term borrowings. The company has well-matched asset and liability tenors, mitigating refinancing risk. Additionally, the company maintains about two-three months of liabilities, maturing in cash and cash equivalent liquid securities, over and above the sanctioned lined of credit.

Securitisation/Bilateral Assignments

STFC has among the highest proportion of securitisation/bilateral assignments of AUM among asset finance companies, forming a significant source of funding. Its almost entire portfolio is to small road transport operator, qualifying for the priority sector and providing ready access to private and foreign commercial banks.

STFC has been most active in assigning loans on bilateral assignments[1]/securitisation, with its off-balance sheet portfolio proportion constituting about 30%-45% of its AUM. Their high demand and limited availability lead to these pools being discounted at sharply low rates. Additionally, this portfolio automatically provides long-tenure asset matched funding. It enhances return on assets and return on equity as this portfolio is off-book while income is recognised in the income statement.

The company's pool mostly qualifies as the priority sector. However, the regulatory guidelines of a 8% cap on the spread between the base rate of an investing bank and yield on the pool to be securitised as well as the minimum holding period for a pool before securitisation have reduced the eligible portfolio that can be securitised. This reduced the securitised portfolio to 20% of total disbursements in FY14 from 51% in FY11, leading to a reduced proportion of off-balance sheet book. STFC is increasing the proportion of lower vintage vehicle loans which would carry lower yield vehicles within the 8% spread cap. This would increase qualifying portfolio (falling within 8 % spread cap as per regulatory requirement) for the priority sector.

The recent guidelines from The Reserve Bank of India allowing credit to banks as priority sector lending to the extent of their investments in RIDF for their short fall in priority sector advance should reduce bankers' appetite for these assets as many banks are holding on a large proportion of these deposits. The current outstanding investments in these deposits are likely to have a direct impact for the next two years. Even later on, the opportunity loss on RIDF will be lower as benefits from these investments would be incurred throughout their tenor unlike in the past when the benefit was restricted only to the year of investment.

This is likely to adversely impact STFC's income as reduced appetite could lead to lower discounting rates for these assets from banks. In addition, the quantum of off-balance sheet assets could increase on book assets. These will not only reduce profitability and expand balance sheet size but also materially impact RoA.

Profitability

STFC's profitability reduced in FY14 on lower securitisation and higher credit costs. However, it is strong with above-average return on managed assets than peers' (return on total AUM; FY14: 2.0%, FY09-FY13: 2.5%).

STFC's income is augmented by the strong profitability from securitisation/bilateral assignments, comfortable spreads on on-book assets (net interest margins (NIMs): FY14: 6.5%, FY12: 5.5%), controlled cost structure (cost to income; FY14: 30.7%) and range-bound credit costs (FY14: 2% of AUM).

NIMs, however, can come under pressure as the company expands into lower vintage and consequently the lower yield segment. Moreover, lower securitised assets, constituting a substantial part of total income, could come under pressure with a reduction in portfolio securitised. The company plan to increase its retail funding should also increase it costs of

[1] Bilateral assignments are similar to securitisations, except for the fact that the portfolio is assigned on a non-recourse basis to a buyer on a private basis rather than pass-through securities being issued. However, unlike securitisation, the credit enhancements provided on bilateral assignments are not required to be deducted from risk weighted capital. The updated regulatory guidelines however has restricted on providing any credit enhancements on pools sold on bilateral assignments which has reduced the transactions through this route and increased securitization route.

funds to that extent. In addition, with the 90dpd norm becoming effective, the company would have to reverse income from 90dpd which would lower the income recognised. Its impact is however likely to be modest as the income would be reversed in the subsequent quarter with recovery.

The company's cost structure is well controlled as reflected in among its best cost to AUM and cost to income ratios. Nevertheless, this could go up as the company expands in rural areas (though low cost branches) at least in the short run.

The move to 90dpd recognition is likely to initially increase the credit costs by about 30bp in the initial transition period and 10bp thereafter. This will be in addition to the current stress on the portfolio which is likely to remain till the economic cycle upturns, resulting in better operating metrics for borrowers. Ind-Ra estimates that the recovery could be two to four quarters away at the moment.

Capitalisation

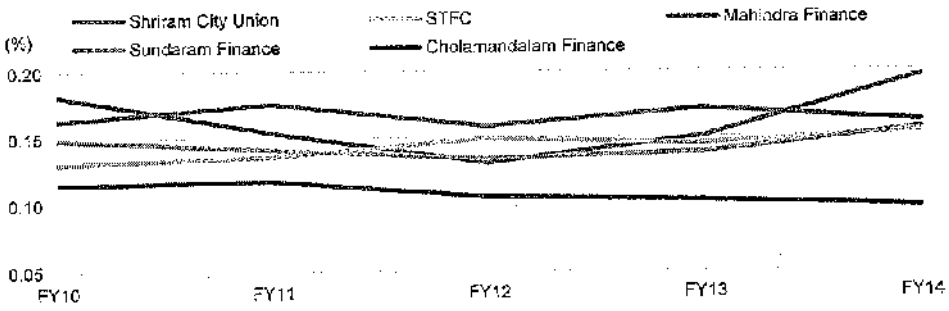
STFC has the largest equity capital among asset finance NBFCs in India. Its capitalisation level is comfortable and has improved since FY10, supported by capital infusions (in FY10) along with strong internal accruals and moderated loan growth. Equity to loans (including of balance sheet loans) was 15.5% and adjusted tier 1 was 17.7% in FY14. The new guideline on capitalisation is unlikely to have any material impact as the company operates at a significantly higher level.

The moderated AUM growth projection of 10%-15% also means that the growth capital required for the company can largely be supported by its strong internal accruals while incremental capital requirement could be modest. However, Ind-Ra expects STFC to maintain above-average capitalisation given its weak customer profile and monoline business to cushion any unexpected sharp rise in credit costs.

The company is well placed for transitioning into the proposed regulatory capital norms of 10% tier 1 capital. While the current regulations, which have significantly reduced bilateral assignments and replaced transactions with securitisation through pass-through certificates, would be capital dilutive, STFC is unlikely to be significantly impacted as it reports capital by adjusting credit enhancements on off-book transactions. Nevertheless, the capital requirement could increase should it revert to high growth.

Figure 6

Equity to Total Loans (On and Off Book)



Source: STFC, Ind-Ra

Shriram Transport Finance Co. ...

Income Statement

	31 Mar 2014			31 Mar 2013		31 Mar 2012		31 Mar 2011	
	Year End USDm Unqualified	Year End INRm Unqualified	As % of Earning Assets	Year End INRm Unqualified	As % of Earning Assets	Year End INRm Unqualified	As % of Earning Assets	Year End INRm Unqualified	As % of Earning Assets
1. Interest Income on Loans	1,073.4	58,381.2	14.48	43,272.6	11.47	34,363.1	11.58	35,012.2	13.38
2. Other Interest Income	110.9	6,031.6	1.50	1,959.3	0.52	2,828.0	0.88	2,139.0	0.82
3. Dividend Income	0.0	0.30	0.0	12.3	0.0	0.2	0.00	0.2	0.00
4. Gross Interest and Dividend Income	1,184.3	64,412.8	15.98	45,244.2	11.99	36,969.3	12.55	37,151.4	14.19
5. Interest Expense on Customer Deposits	33.8	1,840.4	0.46	1,352.0	0.36	1,186.6	0.40	620.7	0.24
6. Other Interest Expense	635.8	34,580.8	8.58	27,351.3	7.25	23,425.5	7.95	22,284.8	8.51
7. Total Interest Expense	669.6	36,421.2	9.04	28,703.3	7.61	24,612.1	8.35	22,905.5	8.75
8. Net Interest Income	514.7	27,991.6	6.94	16,540.9	4.38	12,377.2	4.20	14,245.9	5.44
9. Net Gains (Losses) on Trading and Derivatives	54.0	2,936.40	0.7	1,378.7	0.4	906.8	0.31	659.1	0.25
10. Net Gains (Losses) on Other Securities	0.2	13.40	0.0	n.a.	-	n.a.	-	0.0	0.00
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	5.8	370.30	0.1	178.1	0.0	n.a.	-	270.3	0.10
14. Other Operating Income	183.3	9,970.9	2.47	18,835.0	4.99	21,042.7	7.14	15,929.7	6.09
15. Total Non-Interest Operating Income	244.4	13,291.0	3.30	20,391.8	5.40	21,949.5	7.45	16,859.1	6.44
16. Personnel Expenses	75.2	4,088.6	1.01	3,847.6	1.02	3,700.9	1.25	3,582.1	1.37
17. Other Operating Expenses	158.2	8,604.4	2.13	4,394.8	1.16	4,114.3	1.40	3,779.8	1.44
18. Total Non-Interest Expenses	233.4	12,693.0	3.15	8,242.4	2.18	7,815.2	2.65	7,361.9	2.81
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	525.6	28,589.6	7.09	28,690.3	7.60	26,511.5	9.00	23,743.1	9.07
21. Loan Impairment Charge	190.1	10,340.4	2.57	8,626.3	2.28	7,665.1	2.60	5,242.8	2.00
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	-17.9	(0.00)	17.9	0.01	-8.0	0.00
23. Operating Profit	335.5	18,249.2	4.53	20,181.9	5.35	18,828.5	6.39	18,508.3	7.07
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	0.6	30.80	0.0	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	20.0	0.0	19.4	0.01	19.0	0.01
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	336.1	18,280.0	4.54	20,161.9	5.34	18,809.1	6.38	18,489.3	7.06
30. Tax expense	103.7	5,638.3	1.40	6,555.7	1.74	6,234.6	2.12	6,190.5	2.37
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	232.4	12,641.7	3.14	13,606.2	3.61	12,574.5	4.27	12,298.8	4.70
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	232.4	12,641.7	3.14	13,606.2	3.61	12,574.5	4.27	12,298.8	4.70
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	232.4	12,641.7	3.14	13,606.2	3.61	12,574.5	4.27	12,298.8	4.70
40. Memo: Common Dividends Relating to the Period	34.2	1,858.00	0.5	1,955.0	0.5	1,708.8	0.58	1,709.4	0.65
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = INR54.3893		USD1 = INR51.1565		USD1 = INR44.66000		USD1 = INR45.13500	



Shriram Transport Finance Co. ...

Balance Sheet

	31 Mar 2014			31 Mar 2013		31 Mar 2012		31 Mar 2011	
	Year End USDm	Year End INRm	As % of Assets	Year End INRm	As % of Assets	Year End INRm	As % of Assets	Year End INRm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	6,755.1	367,402.7	76.42	323,992.7	73.6	229,319.7	65.25	302,715.4	65.10
6. Less: Reserves for Impaired Loans/ NPLs	211.0	11,475.9	2.39	7,977.3	1.8	5,960.5	1.70	4,541.2	1.48
7. Net Loans	6,544.1	355,926.8	74.03	316,015.4	71.8	223,359.1	63.56	198,174.2	63.64
8. Gross Loans	6,755.1	367,402.7	76.42	323,992.7	73.6	229,319.7	65.26	202,715.4	65.10
9. Memo: Impaired Loans included above	295.1	15,535.2	3.33	10,253.7	2.3	6,937.9	1.97	5,285.7	1.70
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets							0.0		0.0
1. Loans and Advances to Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. At-equity Investments in Associates	53.3	2,900.0	0.60	424.0	0.1	424.0	0.12	224.0	0.1
8. Other Securities	447.7	24,352.6	5.07	35,265.1	8.0	39,120.5	11.13	36,232.6	11.64
9. Total Securities	501.1	27,252.6	5.67	35,689.1	8.1	39,544.5	11.25	36,456.6	11.71
10. Memo: Government Securities included Above	n.a.	n.a.	-	2,378.0	0.5	2,104.6	0.60	1,815.8	0.52
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	365.9	19,902.3	4.14	25,669.3	5.8	31,792.3	9.0	27,108.5	8.7
15. Total Earning Assets	7,411.0	403,081.7	83.84	377,373.8	85.8	294,695.9	83.86	261,739.3	84.06
C. Non-Earning Assets							0.0		0.0
1. Cash and Due From Banks	1,302.6	70,859.6	14.74	38,882.8	8.8	21,959.7	6.25	9,094.4	2.92
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	16.2	880.2	0.21	562.7	0.1	362.5	0.10	369.5	0.12
5. Goodwill	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	8.3	452.9	0.09	17.9	0.0	14.5	0.0	4.4	0.0
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	46.2	2,511.5	0.52	2,528.3	0.6	2,166.8	0.62	1,535.9	0.49
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	53.0	2,885.0	0.60	26,265.8	4.6	32,209.6	9.17	38,541.2	12.41
11. Total Assets	8,839.6	480,781.2	100.00	440,001.3	100.0	351,419.1	100.00	311,375.7	100.00
Liabilities and Equity							0.0		0.0
D. Interest-Bearing Liabilities							0.0		0.0
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	423.7	23,042.4	4.79	12,468.8	2.1	12,037.7	3.43	11,294.6	3.63
4. Total Customer Deposits	423.7	23,042.4	4.79	12,468.8	2.1	12,037.7	3.43	11,294.6	3.63
5. Deposits from Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	2,266.6	123,279.9	25.64	107,368.3	24.4	79,885.4	22.73	70,866.8	22.80
8. Total Deposits, Money Market and Short-term Funding	2,690.3	146,322.3	30.43	120,847.1	27.5	91,923.1	26.16	82,281.4	26.43
9. Senior Debt Maturing after 1 Year	3,102.6	168,749.2	35.10	153,424.5	34.6	105,350.8	30.26	83,554.0	26.83
10. Subordinated Borrowing	812.2	44,174.6	9.19	36,752.0	8.4	32,999.7	9.4	32,981.7	10.6
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	3,914.8	212,923.8	44.29	189,176.5	43.0	139,350.5	39.65	116,535.7	37.43
13. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	6,605.1	359,246.1	74.72	310,023.6	70.5	231,273.6	65.81	198,817.1	63.85
E. Non-Interest Bearing Liabilities							0		0
1. Fair Value Portion of Debt	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
2. Credit Impairment reserves	30.1	1,639.6	0.34	778.6	0.2	549.0	0.16	488.2	0.16
3. Reserves for Pensions and Other	n.a.	n.a.	-	312.2	0.1	254.1	0.07	197.3	0.06
4. Current Tax Liabilities	8.0	436.1	0.09	436.1	0.1	436.1	0.1	436.1	0.1
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	675.3	36,727.0	7.64	56,359.1	12.8	59,378.2	16.90	62,762.6	20.16
10. Total Liabilities	7,318.5	398,049.0	82.79	368,407.6	83.7	291,891.0	83.06	262,701.3	84.37
F. Hybrid Capital							0		0
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity							0		0
1. Common Equity	1,521.1	82,732.2	17.21	71,593.7	16.3	59,528.1	16.94	48,674.4	15.63
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a	n.a	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	1,521.1	82,732.2	17.21	71,593.7	16.3	59,528.1	16.94	48,674.4	15.63
7. Total Liabilities and Equity	8,839.6	480,781.2	100.00	440,001.3	100.0	351,419.1	100.00	311,375.7	100.00
8. Memo: Fitch Core Capital									
9. Memo: Fitch Eligible Capital									

Exchange rate USD1 = INR54.3898 USD1 = INR51.1660 USD1 = INR44.65000 USD1 = INR45.13500

Shriram Transport Finance Co. ...

Summary Analytics

	31 Mar 2014 Year End	31 Mar 2013 Year End	31 Mar 2012 Year End	31 Mar 2011 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	16.89	14.85	15.27	18.31
2. Interest Expense on Customer Deposits/ Average Customer Deposits	10.08	10.60	10.16	9.98
3. Interest Income/ Average Earning Assets	16.51	13.54	12.90	15.35
4. Interest Expense/ Average Interest-bearing Liabilities	10.88	12.06	11.39	11.71
5. Net Interest Income/ Average Earning Assets	7.17	4.95	4.32	5.89
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	4.52	2.40	1.64	3.72
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	7.17	4.95	4.32	5.89
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	32.20	55.21	63.94	54.20
2. Non-Interest Expense/ Gross Revenues	30.75	22.32	22.77	23.67
3. Non-Interest Expense/ Average Assets	2.76	2.14	2.37	2.51
4. Pre-impairment Op. Profit/ Average Equity	37.05	43.55	48.72	54.36
5. Pre-impairment Op. Profit/ Average Total Assets	6.21	7.43	8.05	8.10
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	36.17	29.66	28.98	22.05
7. Operating Profit/ Average Equity	23.65	30.64	34.60	42.37
8. Operating Profit/ Average Total Assets	3.96	5.23	5.72	6.32
9. Taxes/ Pre-tax Profit	30.84	32.52	33.15	33.48
10. Pre-Impairment Operating Profit / Risk Weighted Assets	6.98	n.a.	9.59	8.63
11. Operating Profit / Risk Weighted Assets	4.46	n.a.	6.81	6.72
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	16.38	20.65	23.11	28.16
2. Net Income/ Average Total Assets	2.75	3.53	3.82	4.20
3. Fitch Comprehensive Income/ Average Total Equity	16.38	20.65	23.11	28.16
4. Fitch Comprehensive Income/ Average Total Assets	2.75	3.53	3.82	4.20
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	2.02	n.a.	n.a.	2.4
6. Net Income/ Risk Weighted Assets	3.09	n.a.	4.55	4.47
7. Fitch Comprehensive Income/ Risk Weighted Assets	3.09	n.a.	4.55	4.47
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	n.a.	n.a.	20.75	12.10
2. Fitch Eligible Capital/ Weighted Risks	n.a.	n.a.	20.8	12.1
3. Tangible Common Equity/ Tangible Assets	17.13	15.72	16.42	15.21
4. Tier 1 Regulatory Capital Ratio	17.69	n.a.	17.28	16.65
5. Total Regulatory Capital Ratio	23.37	20.74	22.26	24.85
6. Core Tier 1 Regulatory Capital Ratio	1,769.0	n.a.	n.a.	1,665.0
7. Equity/ Total Assets	17.21	16.27	16.94	15.63
8. Cash Dividends Paid & Declared/ Net Income	14.7	13.6	13.6	13.9
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	14.7	13.6	13.6	13.9
10. Cash Dividends & Share Repurchase/Net Income	14.7	13.6	13.6	13.9
11. Net Income - Cash Dividends/ Total Equity	13.03	16.41	18.25	21.76
E. Loan Quality				
1. Growth of Total Assets	9.27	25.21	12.86	17.27
2. Growth of Gross Loans	13.40	41.28	13.12	12.75
3. Impaired Loans(NPLs)/ Gross Loans	4.34	3.16	3.03	2.61
4. Reserves for Impaired Loans/ Gross loans	3.12	2.46	2.60	2.24
5. Reserves for Impaired Loans/ Impaired Loans	72.00	77.80	85.91	85.91
6. Impaired Loans less Reserves for Imp Loans/ Equity	5.39	3.18	1.64	1.53
7. Loan Impairment Charges/ Average Gross Loans	2.99	2.93	3.41	2.74
8. Net Charge-offs/ Average Gross Loans	n.a.	0.00	0.00	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Asse	4.34	3.16	3.03	2.61
F. Funding				
1. Loans/ Customer Deposits	1,594.46	2,406.40	1,905.01	1,794.80
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding excl Derivatives	6.41	4.34	5.20	5.68

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