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

October 13, 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) NCD II 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 September 29, 2015 and October 2015, 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 October, 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 October, 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 October, 2015.

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not** : The Company on October 01, 2015 had made Semi-annual interest payment of NCDs under Option II (ISIN – INE721A07AO1, INE721A07AN3 and INE721A07AM5) from April 01, 2015 to September 30, 2015 to the holders of NCDs on Record Date being September 14, 2015. The summary of such interest payment of NCDs are as under:

Description of Secure and unsecured NCDs	NSE Scrip Code	ISIN	Amount (Rs.)
Secured NCDs (Option II) (Others)	NB	INE721A07AM5	1323259
Secured NCDs (Option II) (Unreserved Individuals)	NA	INE721A07AN3	2244196
Secured NCDs (Option II) (Reserved Individuals)*	N9	INE721A07AO1	19179077

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

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Further the Company on June 02, 2015 had made full redemption payment of NCDs under Option I (ISIN – INE721A07AL7, INE721A07AK9 and INE721A07AJ1) and Option III (ISIN – INE721A07AR4, INE721A07AQ6 and INE721A07AP8) to the holders of NCDs on Record Date being May 15, 2015. The summary of such redemption payment of NCDs are as under:

Security Description Secured NCDs	ISIN	NSE Scrip Code	Redemption	Amount (₹)
Option I- (Reserved Individuals) (*)	INE721A07AL7	N6	100% Redemption	13,93,38,874/-
Option I- (Unreserved Individuals)	INE721A07AK9	N7	100% Redemption	39,81,53,974/-
Option I- (Others)	INE721A07AJ1	N8	100% Redemption	14,46,46,002/-
Option III- (Reserved Individuals) (*)	INE721A07AR4	NC	Balance 20% of Face Value Redemption	2,17,76,0601/-
Option III- (Unreserved Individuals)	INE721A07AQ6	ND	Balance 20% of Face Value Redemption	7,96,31,454/-
Option III- (Others)	INE721A07AP8	NE	Balance 20% of Face Value Redemption	8,21,14,559/-

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

Further the Company on July 02, 2015 and July 03, 2015 had made redemption payment of NCDs on account of Put Option Exercised by NCD Holders under Option II (ISIN – INE721A07AO1, INE721A07AN3 and INE721A07AM5). The summary of such redemption payment of NCDs are as under:

Security Description Secured NCDs	ISIN	NSE Scrip Code	Amount (₹)
Option II- (Reserved Individuals) - 10.25% p.a. (*)	INE721A07AO1	N9	7,61,25,862/-
Option II- (Unreserved Individuals) - 10.00% p.a.	INE721A07AN3	NA	3,40,38,874/-
Option II (Others) -9.50% p.a.	INE721A07AM5	NB	6,33,25,891/-

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

6. **Next due date for payment of interest / principal**: The next Interest payment will be due on April 01,2016
The scrip codes and ISIN are as under :-

Description of NCDs	ISIN	NSE SCRIP CODE	Nature of Payments (^)
Secured NCDs (Option II) (Others) 9.50% p.a.	INE721A07AM5	NB	SEMI- ANNUAL – 01/04/2016
Secured NCDs (Option II) (Unreserved Individuals) 10.00% p.a.	INE721A07AN3	NA	SEMI- ANNUAL – 01/04/2016
Secured NCDs (Option II) (Reserved Individuals) 10.25% p.a. (*)	INE721A07AO1	N9	SEMI- ANNUAL – 01/04/2016
Unsecured NCDs (Option V) (Others) 10.25% p.a.	INE721A08AA8	NK	ANNUAL – 01/04/2016
Unsecured NCDs (Option V) (Unreserved Individuals) 10.75% p.a.	INE721A08AB6	NJ	ANNUAL – 01/04/2016
Unsecured NCDs (Option V) (Reserved Individuals) 11.00% p.a.	INE721A08AC4	NI	ANNUAL – 01/04/2016

*Note: Senior Citizens (First Allottee) in the Reserved Individual portion are entitled to an additional interest at the rate of 0.25% per annum .
(^) - Wherever interest payment due date falls on a non-working day then the company will make the payment on the next working day.

7. **Financial results:** The Unaudited financial results will be approved in the Board Meeting to be held in the fifth week of October 2015.

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

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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/15-16/90

October 13, 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) NCD III 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 September 29, 2015 and October 2015, 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 October, 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 October, 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 October, 2015.

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

   The Company on August 12, 2015 and August 13, 2015 had made redemption payment of NCDs on account of Put Option Exercised by NCD Holders under Option I (ISIN – INE721A07AV6, INE721A07AV6 and INE721A07AX2). The summary of such redemption payment of NCDs are as under:

Security Description Secured NCDs	ISIN	NSE Scrip Code	Amount (Rs.)
Option I- (Reserved Individuals) - 11.60% p.a.	INE721A07AV6	NL	10,96,35,200/-
Option I- (Unreserved Individuals) - 11.35% p.a.	INE721A07AW4	NM	10,39,84,759/-
Option I (Others) -11.10% p.a.	INE721A07AX2	NN	62,38,518/-

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

7. **Financial results:** The Unaudited financial results will be approved in the Board Meeting to be held in the fifth week of October, 2015.

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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.

SHRIRAM
Commercial Vehicle Finance
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13 OCT

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+/Stable' by CRISIL letters dated September 29, 2015 and October, 2015, 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 October, 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 October, 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 October, 2015.

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

   The Company on August 07, 2015 had made full and final Redemption along with interest accrued from April 01, 2015 till August 09, 2015 for INE721A07DL1 and cumulative interest accrued from August 10, 2012 till August 09, 2015 for INE721A07DN7 to the holders of NCDs on Record Date being July 22, 2015. The summary of such redemption of NCDs are as under:

Description of Secure NCDs	NSE Scrip Code	ISIN	Total Amount (Rs.)
Secured Redeemable Non-Convertible Debentures Series I	NR	INE721A07DL1	2,43,33,76,865/-
Secured Redeemable Non-Convertible Debentures Series III	NT	INE721A07DN7	53,11,39,812/-

V. M. Achiwal
Company Secretary

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6. **Next due date for payment of interest / principal :** The next Annual interest payment will be due on April 01, 2016. The scrip code and ISIN are as under :

Sr. No.	NSE SCRIP CODE	ISIN	Interest / principal payment Term
1	NS	INE721A07DM9	Annual

7. **Financial results:** The unaudited financial results for the second quarter and half year ended on September 30, 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

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13 OCT 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+/Stable' by CRISIL letters dated September 29, 2015 and October, 2015, 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 October, 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 October, 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 October, 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. April 30, 2015, June 01, 2015, June 30, 2015, July 31, 2015, September 01, 2015 and October 01, 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.

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

   Monthly interest payment will be due under ISIN No. viz. INE721A07FW3 (#) (NSE Scrip NX) between the period October 01, 2015 to March 31, 2016 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.

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. Agrawal
Company Secretary

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Months	Interest Due Date	Payout date
October-2015	Sunday, November 01, 2015	Friday, October 30, 2015
November-2015	Tuesday, December 01, 2015	Tuesday, December 01, 2015
December-2015	Friday, January 01, 2016	Friday, January 01, 2016
January-2016	Monday, February 01, 2016	Monday, February 01, 2016
February-2016	Tuesday, March 01, 2016	Tuesday, March 01, 2016
March-2016	Friday, April 01, 2016	Thursday, March 31, 2016

7. **Financial results:** The unaudited financial results for the second quarter and half year ended on September 30, 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.
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17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001

SHRIRAM
Commercial Vehicle Finance
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SEC /IDBI/15-16/90
October 13, 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+/Stable' by CRISIL letters dated September 29, 2015 and October 2015, 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 October, 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 October, 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 October, 2015.

5. **Previous due date for the payment of interest / principal and whether the same has been paid or not:** There was no due date for the payment of interest / principal during the half year ended September 30, 2015.

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

7. **Financial results:** The Unaudited financial results will be approved in the Board Meeting to be held in the fifth week of October, 2015.

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

SHRIRAM
Commercial Vehicle Finance
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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 SIG.

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

October 13, 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+/Stable' by CRISIL and 'IND AA+' by India Ratings & Research Private Limited letters dated September 29, 2015, October 2015 and 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 October, 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 October, 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 October, 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 April 30, 2015, June 01, 2015, June 30, 2015, July 31, 2015, September 01, 2015 and October 01, 2015 in respect of the (SS) and (*) ISIN No. INE721A07HK4, INE721A07HL2 with NSE Scrip Code YA and YB respectively.

   Further, on July 15, 2015 the Company paid ((*)($)) Annual interest on Series I (ISIN – INE721A07HH0 NSE Scrip Code- Y7), Series II (ISIN – INE721A07HI8 NSE Scrip Code- Y8), and Series III (ISIN – INE721A07HJ6 NSE Scrip Code- Y9), aggregating to Rs. 18,44,36,56,856/-
   ($) 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

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6. **Next due date for payment of interest /principal:-** The next ($$)monthly interest payment will be due under ISIN No. (*)INE721A07HK4 and (*)INE721A07HL2 with NSE Scrip Code YA and YB between the period October 01, 2015 to March 31, 2016 is appended below:

Months	Record date	Interest Due Date	Payout date
October-2015	Tuesday, October 13, 2015	Sunday, November 01, 2015	Friday, October 30, 2015
November-2015	Friday, November 13, 2015	Tuesday, December 01, 2015	Tuesday, December 01, 2015
December-2015	Friday, December 11, 2015	Friday, January 01, 2016	Friday, January 01, 2016
January-2016	Tuesday, January 12, 2016	Monday, February 01, 2016	Monday, February 01, 2016
February-2016	Friday, February 12, 2016	Tuesday, March 01, 2016	Tuesday, March 01, 2016
March-2016	Friday, March 11, 2016	Friday, April 01, 2016	Thursday, March 31, 2016

($$) For Series IV 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

7. **Financial results:** The Unaudited financial results will be approved in the Board Meeting to be held in the fifth week of October, 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

CARE Ratings
Professional Risk Opinion

20 YEARS PLUS Analytical Excellence

CARE/HO/RL/2015-2016/2165

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

September 29, 2015

Confidential

Dear Sir,

Credit Rating for Outstanding Non-Convertible Debentures (NCD) and Subordinated Debt Issue

On a review of recent developments including operational and financial performance of your company for FY15 and Q1FY16, our Rating Committee has reviewed the following rating:

Instrument /Facility	Amount Rated (Rs. crore)	Amount Raised (Rs. Crore)	Amount Untilized (Rs. Crore)	Rating[1]	Remarks
Non-Convertible Debentures (NCD)	11,347	11,043	304	CARE AA+ (Double A Plus)	Reaffirmed
Subordinated Debt	2,995	2,589.20	405.80	CARE AA+ (Double A Plus)	Reaffirmed
Total	14,342 (Rupees Fourteen thousand, three hundred and forty two crore only)	13,632.20 (Rupees Thirteen thousand, six hundred thirty two crore and twenty lakh only)	709.80 (Rupees Seven hundred nine crore and eighty lakh only)		

SHRIRAM TRANSPORT FINANCE CO. LTD.

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

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

2. Refer **Annexure 1** for details of rated instruments.

3. The rationale for the rating will be communicated to you separately.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

5. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.

6. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

7. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

For SHRIRAM TRANSPORT FINANCE CO. LTD.

V. M. Achwal
Company Secretary

Thanking you,

Yours faithfully,

[Abhishek Gupta]
Manager
abhishek.gupta@careratings.com

[Vishal Sanghavi]
Senior Manager
vishal.sanghavi@careratings.com

Encl : As above

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.

Annexure I
Details of NCD and Subordinated Debt Rated

Instrument	Rating Date	Amount Rated (Rs. Cr)	Amount Rasied (Rs. Cr)	Amount Outsanding (Rs. Cr)	Amount Untillzed (Rs. Cr)	Remarks
NCD III	5-Jan-09	350.00	350.00	-	-	Reaffirmed
NCD V	19-Apr-10	167.00	167.00	44.61	-	Reaffirmed
NCD VI	3-Jun-11	851.00	851.00	827.60	-	Reaffirmed
NCD IX	11-Aug-11	160.00	160.00	160.00	-	Reaffirmed
NCD X	23-Nov-11	150.00	150.00	30.00	-	Reaffirmed
NCD XI	13-Dec-11	275.00	275.00	15.00	-	Reaffirmed
NCD XII	20-Mar-12	500.00	500.00	-	-	Reaffirmed
NCD XIII	6-Jun-12	55.00	55.00	25.00	-	Reaffirmed
NCD XIV	3-Jul-12	600.00	600.00	326.21	-	Reaffirmed
NCD XV	10-Oct-12	371.00	371.00	10.00	-	Reaffirmed
NCD XVI	23-Nov-12	798.00	798.00	447.50	-	Reaffirmed
NCD XVII	21-Mar-13	400.00	400.00	-	-	Reaffirmed
NCD XVIII	3-Jun-13	520.00	520.00	520.00	-	Reaffirmed
NCD XIX	12-Jun-13	750.00	750.00	735.70	-	Reaffirmed
NCD XX	5-Aug-13	100.00	91.00	91.00	9.00	Reaffirmed
NCD XXI	5-Aug-13	700.00	680.00	680.00	20.00	Reaffirmed
NCD XXII	28-Aug-13	500.00	500.00	500.00	-	Reaffirmed
NCD XXIII	5-Feb-14	300.00	300.00	300.00	-	Reaffirmed
NCD XXIV	5-Jun-14	3,000.00	3,000.00	3,000.00	-	Reaffirmed
NCD XXV	28-Nov-14	500.00	225.00	225.00	275.00	Reaffirmed
NCD XXVI	17-Apr-15	300.00	300.00	300.00	-	Reaffirmed
Total		**11,347.00**	**11,043.00**	**8,237.62**	**304.00**	
Sub Debt I	14-Oct-08	145.00	145.00	-	-	Reaffirmed
Sub Debt II	5-Jan-09	300.00	300.00	160.10	-	Reaffirmed
Sub Debt III	5-Mar-10	500.00	500.00	475.00	-	Reaffirmed
Sub Debt IV	19-Apr-10	500.00	500.00	83.20	-	Reaffirmed
Sub Debt V	31-May-10	200.00	200.00	200.00	-	Reaffirmed
Sub Debt VI	6-Jun-12	250.00	250.00	250.00	-	Reaffirmed
Sub Debt VII	4-Feb-13	200.00	194.20	194.20	5.80	Reaffirmed
Sub Debt VIII	15-Mar-13	100.00	100.00	100.00	-	Reaffirmed
Sub Debt IX	13-May-13	200.00	150.00	150.00	50.00	Reaffirmed
Sub Debt X	27-Jun-13	200.00	200.00	94.00	-	Reaffirmed
Sub Debt XI	31-Jul-13	400.00	50.00	50.00	350.00	Reaffirmed
Total		**2,995.00**	**2,589.20**	**1,756.50**	**405.80**	

For SHRIRAM TRANSPORT FINANCE CO. LTD.

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CREDIT RATING REPORT

October 2015

Shriram Transport Finance Company Limited

INSTRUMENT RATED	
Total Bank Loan Facilities Rated	**Rs.300.00 Billion**
Long Term Rating	**CRISIL AA+/Stable (Upgraded from `CRISIL AA/Positive')**
Short Term Rating	**CRISIL A1+ (Reaffirmed)**
(Refer to Annexure 1 for details on facilities)	
Non-Convertible Debentures Aggregating Rs.132.80 Billion	**CRISIL AA+/Stable (Upgraded from `CRISIL AA/Positive')**
Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion	**CRISIL AA+/Stable (Upgraded from `CRISIL AA/Positive')**
Fixed Deposit Programme	**FAAA/Stable (Upgraded from `FAA+/Positive')**
Rs.20.00 Billion Short-Term Debt Programme	**CRISIL A1+ (Reaffirmed)**

RATING HISTORY				
Date	**Long-Term**	**Fixed Deposit**	**Short-Term**	**Rating Watch/Outlook**
June 30, 2015	CRISIL AA+	FAAA	CRISIL A1+	Stable
August 28, 2014	CRISIL AA	FAA+	CRISIL A1+	Positive
December 03, 2012	CRISIL AA	FAA+	CRISIL A1+	Stable

ANALYTICAL CONTACTS

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Customer Service Helpdesk		
Timings: 10:00 am to 7:00	Toll free number: 1800 267 1301	Email: CRISILratingdesk@crisil.com

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.

For SHRIRAM TRANSPORT FINANCE CO. LTD.

V. M. Achwal
Company Secretary

Analytical Approach

In June 2015, CRISIL upgraded its rating on the long-term debt instruments and bank facilities, and fixed deposit programme of Shriram Transport Finance Company Ltd (STFCL) to **'CRISIL AA+/FAAA/Stable'** from 'CRISIL AA/FAA+/Positive'. The rating on the company's short-term debt instrument and bank facilities were reaffirmed at **'CRISIL A1+'**.

The rating upgrade reflects the improving outlook for the commercial vehicle (CV) industry, which will support sustained improvement in the company's asset quality and profitability over the medium term. This is already visible in the gradual reduction in STFCL's delinquencies from the second half of 2014-15 (refers to financial year, April 1 to March 31). The cash flows of transport operators are improving, resulting in higher collection efficiencies for CV financiers as also reflected in CRISIL-rated pools (see *CRISIL release 'On securitisation road, commercial vehicle pools gaining traction', dated June 1, 2015*). CRISIL also believes 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.

STFCL's Board has approved the merger of its 100 per cent subsidiary, Shriram Equipment Finance Company Ltd (SEFC; rated CRISIL AA/Placed on 'Rating Watch with Positive Implications/CRISIL A1+) with the parent, subject to regulatory and other necessary approvals. CRISIL's ratings on SEFC centrally factor in the expectation of continued strong support from its parent, STFCL. Despite the severity of the recent asset quality challenges faced by SEFC and its impact on the subsidiary's profitability, CRISIL believes that the impact of the merger, on the credit profile of STFCL will be limited given its relatively small scale of operations.

Rating Drivers

Strengths

- Market leadership in pre-owned CV financing segment
- Healthy capitalisation
- Comfortable earnings profile
- Adequate asset quality

Weakness

- Average, albeit improving, resource profile

Rating sensitivity factors

- Significant weakening in capitalisation
- Significant and sustained changes in asset quality and earnings profile
- Diversification into unrelated businesses
- Impact of regulatory changes

Outlook: Stable

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 outlook may be revised to 'Positive' if the company achieves higher scale while significantly de-risking the business, and maintaining comfortable asset quality and strong financial risk profile. Conversely, the outlook may be revised to 'Negative' if STFCL's asset quality and earnings weaken significantly.

Rationale

Incorporated in 1979, STFCL is the flagship company of the Shriram group's financial services businesses. 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. The company has pan-India presence, with 770 branches and 765 rural centers as on June 30, 2015. It had assets under management (AUM) of Rs.605.3 billion as on June 30, 2015.

STFCL reported total income (net of interest expense) and profit after tax (PAT) of Rs.42.3 billion and Rs.12.4 billion, respectively, for 2014-15, against Rs.38.4 billion and Rs.12.6 billion, respectively, for 2013-14. For the quarter ended June 30, 2015, the company reported total income (net of interest expense) and PAT of Rs.11.6 billion and Rs.3.2 billion, respectively, as against Rs.10.3 billion and Rs.3.1 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 90 per cent as on March 31, 2015. STFCL is also the largest CV financier in the country with assets under management (AUM) of Rs.605.3 billion as on June 30, 2015 (Rs.591.1 billion as on March 31, 2015). Pre-owned CV financing constituted about 92 per cent of the AUM while new CV financing constituted the remainder.

The company lends predominantly to the relatively risky SRTO (typically owns one to three vehicles), and 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 a scalable operating model, extensive reach, and strong valuation capabilities of pre-owned vehicles.

STFCL faces limited competition from other organised financiers, including banks, as the latter typically do not extend credit to this product and customer segment because of its relatively high risk profile, and therefore, these borrowers raise funds at high rates from local money lenders. While many NBFCs have started focusing on pre-owned vehicle financing in recent years, they still have relatively small scale of operations compared to STFCL. 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.

STFCL's AUM grew at a compounded annual growth rate (CAGR) of 13.7 per cent for the three years ended March 31, 2015; growth has been largely driven by the pre-owned vehicle financing segment. While growth in the new vehicle financing segment has been impacted in recent times because of intense competition from banks, the same is expected to gradually pick up in line with growth in primary market sales. 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 has set up 776 rural centers (up to March 31, 2015) to support its growth and will continue its expansion in rural areas. 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.

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+/Stable'). 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.

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.95.2 billion as on June 30, 2015 (Rs.92.0 billion as on March 31, 2015), is among the highest for asset-financing NBFCs. STFCL's adjusted gearing (including securitisation) remains moderate, at 5.6 times as on June 30, 2015 (5.9 times as on March 31, 2015 and 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 high Tier-I capital adequacy ratio (CAR) and overall CAR of 16.37 per cent and 20.05 per cent, respectively, as on June 30, 2015 (16.40 per cent and 20.52 per cent, respectively, as on March 31, 2015) will support the company's growth over the medium term. The company's capitalisation is marked by accretive return on equity and demonstrated ability to raise capital to support growth. The company's return on net worth averaged 18.7 per cent between 2011-12 and 2014-15. STFCL's capitalisation is supported by its demonstrated ability to raise capital 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 20.8 times as on June 30, 2015 (24.3 times as on March 31, 2015 and 27.2 times as on March 31, 2014). CRISIL expects the company to maintain comfortable net worth coverage for net NPAs, despite transition to 150+ dpd recognition of NPA as per revised RBI norms.

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. The company's return on managed assets (RoMA) ratio, at 1.8 per cent for 2014-15 (2.0 per cent in 2013-14), remained close to that of other CV financiers (average of 1.8 per cent). Its RoMA was around 1.9 per cent (annualised) during the quarter ended June 30, 2015. Its profitability has been impacted in the past few years on account of moderation in securitisation income and increase in credit costs. The company's profitability is expected to improve gradually over the next few quarters in line with the likely improvement in its asset quality, resulting in above-industry average profitability for the company over the medium term.

The company has healthy net interest margin (NIM; including securitisation and other income) of 6.7 per cent (annualised) during first quarter of 2015-16 (6.2 per cent for 2014-15 and 5.9 per cent in 2013-14) given its strong competitive position and relatively high yields in the pre-owned vehicle 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 1.6 per cent in 2014-15 (1.5 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. Multiple responsibilities of field officers also 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.

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STFCL's profitability has been impacted by the continued high credit costs, at 2.2 per cent (annualised; as per cent of average managed assets) for the first three months of 2015-16 (1.9 per cent in 2014-15 and 1.6 per cent in 2013-14) driven by increased delinquencies over the past two years because of macroeconomic challenges and the relatively riskier profile of the borrowers. Nevertheless, the company's credit costs are expected to start declining gradually with the improvement in asset quality.

CRISIL believes that STFCL's leadership position in pre-owned CV financing market will ensure that its profitability remains better than that of other CV financiers. While the credit costs are expected to start declining gradually which will support improvement in the company's profitability, this will be partly offset by the impact of the relatively high provisioning requirements due to transition to revised NPA recognition norms.

Adequate asset quality

STFCL is expected to sustain the improving trend in its asset quality over the medium term, supported by the expectation that the early signs of turnaround in the CV cycle will be sustained over the medium term.

Lower diesel prices, likely pick-up in industrial activity, easing of infrastructure constraints and lower inflation are expected to result in higher capacity utilisation of CVs and improve transporters' cash flows. STFCL's asset quality has also shown signs of gradual improvement in recent months, after witnessing cyclical deterioration over the past two years because of the prolonged economic downturn. The overall 90+ days past due (dpd) delinquencies have reduced by around 200 basis points over the past six months to 8.0 per cent as on March 31, 2015. This has been primarily supported by its relationship-based lending model and continued focus on collections throughout the almost two-year downturn in the CV financing segment.

STFCL's gross non-performing assets (NPAs) at 4.1 per cent as on June 30, 2015 (3.8 per cent as on March 31, 2015 and 3.9 per cent as on March 31, 2014), are expected to have reached near peak levels (at 180+ dpd recognition). The gross NPAs are expected to improve gradually from the second half of 2015-16; the extent of improvement, however, may not be visible in the reported gross NPAs on account of transition to 150+ dpd norm for NPA recognition by March 31, 2016 as per the revised RBI guidelines. Further, given the company's gross NPAs are expected to remain higher, given its chosen borrower and product segment. STFCL has made adequate provisions for NPAs; its net NPAs have, therefore, remained low at 0.90 per cent as on June 30, 2015 (0.79 per cent as on March 31, 2015).

CRISIL believes that STFCL's asset quality will improve gradually over the medium term as borrowers cash flows will be positively impacted from an improvement in capacity utilisation of existing vehicles. This, coupled with the company's track record in the vehicle financing business, understanding of the SRTO market, and relationship-based lending model, will help it to maintain adequate asset quality over the medium term.

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 relatively higher borrowings costs as compared to that of its peers, and high dependence on wholesale funding.

STFCL's borrowing cost is relatively high as compared to that of its peers; the borrowing cost was around 10.9 per cent (based on quarterly average borrowings) during 2014-15 (11.2 per cent in 2013-14). The cost of borrowing was around 11.0 per cent (annualised) during the quarter ended June 30, 2015. Its cost of borrowing is expected to decline gradually over the next few quarters as the company increases the proportion of capital market borrowings to benefit from declining interest rate scenario.

While STFCL has a diversified resource mix comprising of capital market instruments, bank borrowings, securitisation and retail funding, it largely remains wholesale in nature. While the company's dependence on

securitisation has declined significantly to around 18 per cent of overall borrowings (including securitisation) as on March 31, 2015, from 32 per cent as on March 31, 2014, it is expected to remain higher than that of its peers over the medium term. 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.

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

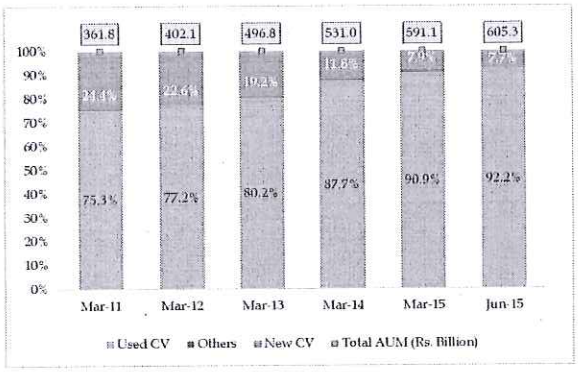
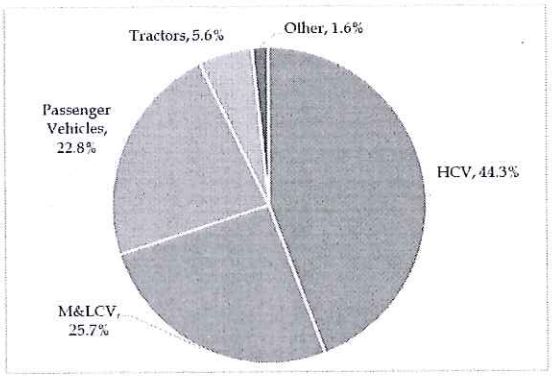


Chart 2: AUM mix as on June 30, 2015

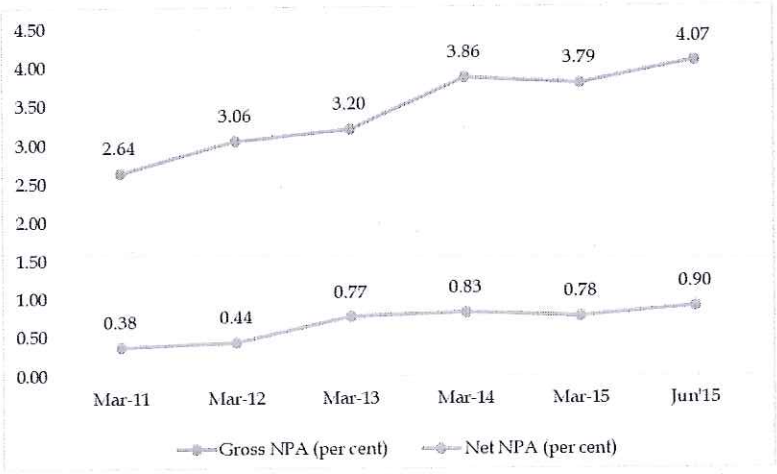


- STFCL's AUM grew by 11 per cent y-o-y to reach Rs.605.3 billion as on June 30, 2015 (Rs.591.1 billion as on March 31, 2015; *refer to Chart 1),* driven by the growth in pre-owned vehicle financing segment (16 per cent; y-o-y). New vehicle financing AUM, however, declined by 17 per cent y-o-y for the quarter ended June 30, 2015.
- Pre-owned vehicle financing accounted for around 92.2 per cent of the AUM as on June 30, 2015; new vehicle financing accounts for the rest.
- The company predominantly finances CVs, which accounted for 70 per cent of its AUM as on June 30 2015.
- Apart from CVs, STFCL also provides financing for passenger vehicles (23 per cent of AUM as on June 30, 2015) and tractors (5.6 per cent). 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 a pan-India presence with 770 branches, 765 rural centres, and a large network of franchisees as on June 30, 2015.
- 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.
- Additionally, the company is taking measures such as promoting auto malls and truck bazaars through its subsidiary, Shriram Automall India Ltd (wholly owned subsidiary; rated 'CRISIL AA+/Stable'), to promote third-party sales and increase fee income; 52 auto malls are operational as on June 30, 2015.
- STFCL is also engaged in the construction equipment (CEQ) financing business through its wholly owned subsidiary, Shriram Equipment Finance Company (SEFC; rated CRISIL AA/Placed on 'Rating Watch with Positive Implications/CRISIL A1+). SEFC's portfolio accounts for around 5 per cent of the total AUM of STFCL on a consolidated basis as on March 31, 2015.

- STFCL's Board has approved the merger of SEFC with the parent, subject to regulatory and other necessary approvals in June 2015.

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, thus providing cushion against increase in delinquencies in the portfolio.
- STFCL has around 9,658 field officers as on June 30, 2015, who are responsible for collections and stay in regular touch with borrowers. The field officers have responsibility for both origination and collection, and therefore, have an incentive structure that factors in their performance in these areas.
- STFCL's asset quality has shown signs of gradual improvement in recent months, after witnessing cyclical deterioration over the past two years because of the prolonged economic downturn.
- The overall 90+ dpd delinquencies reduced to 8.0 per cent as on March 31, 2015 (9.6 per cent as on March 31, 2014) from around 10 per cent six months ago.
- Asset quality performance in the pre-owned CV financing segment has been relatively better than that in the new CV financing segment.
- Gross NPAs (at 180+ dpd recognition) were at 4.1 per cent as on June 30, 2015 (3.8 per cent as on March 31, 2015) (*refer to Chart 3*).
- STFCL has made adequate provisions for NPAs as reflected in its low net NPAs of around 0.8 per cent as on March 31, 2015 (0.8 per cent as on March 31, 2014).

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Resources

Chart 4: Resources mix as on June 30, 2015

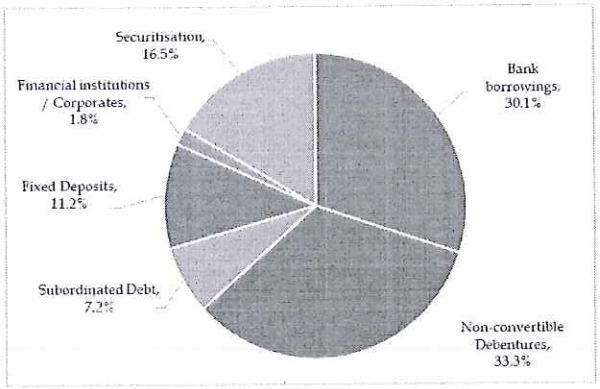
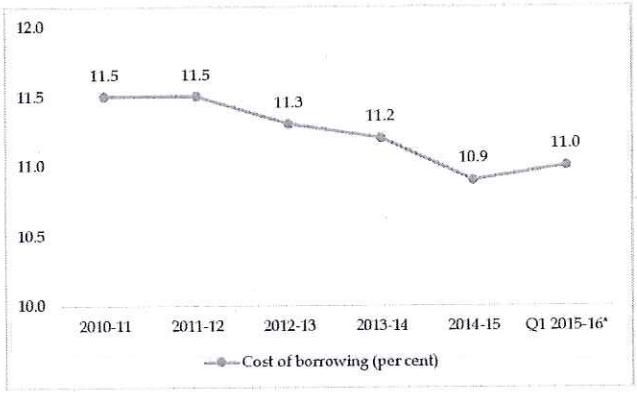


Chart 5: Trend in cost of borrowings



** Annualised*

- STFCL primarily depends on wholesale borrowings to meet its resource requirements; borrowings from banks and other institutions (including securitisation) constitute almost 84 per cent of its borrowings as on June 30, 2015 *(refer to Chart 4)*.
- While 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, it is expected to remain higher than that of its peers over the medium term.
- Assignments and securitisation constituted 16.0 per cent of overall borrowings (including securitisation) as on June 30, 2015 (18 per cent as on March 31, 2015), down from 31.5 per cent as on March 31, 2014.
- STFCL's average cost of borrowing, at 11.0 per cent (annualised, based on quarterly average borrowings) for the first three months of 2015-16 (10.9 per cent for 2014-15 and 11.2 per cent in 2013-14), remains relatively higher than that of its peers.
- STFCL, nevertheless, has a diverse lender base - it has relationship with around 65 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.
- Proportion of fixed deposits (mainly retail) has increased to 9.9 per cent of total borrowings (including securitisation) as on March 31, 2015 from 4.4 per cent as on March 31, 2014
- STFCL has limited reliance on short-term borrowings (as a percentage of total borrowings including securitisation) at 5 per cent as on June 30, 2015.

SHRIRAM TRANSPORT FINANCE CO. LTD.

Financial Profile

Capitalisation

Chart 6: Trend in net worth and adjusted gearing

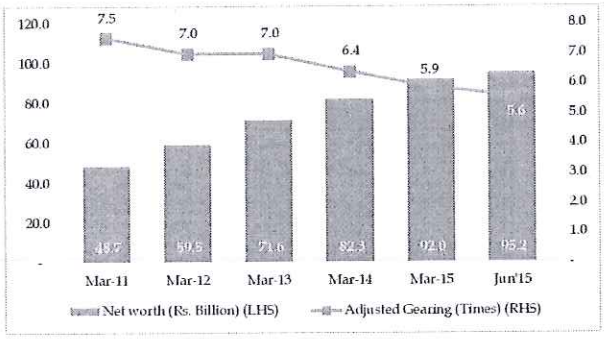
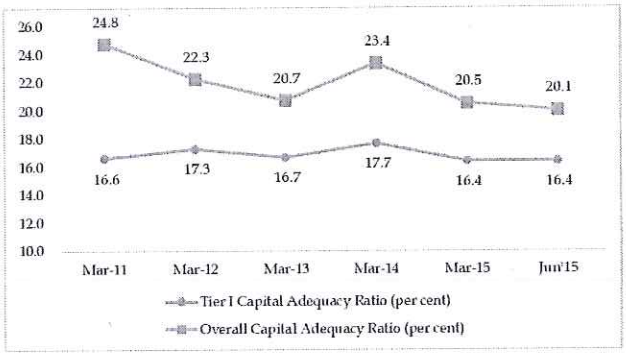


Chart 7: Trend in capital adequacy



- STFCL's net worth and gearing (including securitisation) were Rs.95.2 billion and 5.6 times respectively as on June 30, 2015 (Rs.92.0 billion and 5.9 times respectively as on March 31, 2015; *refer to Chart 6*).
- STFCL's Tier-I and overall CAR were at 16.4 per cent and 20.1 per cent respectively as on June 30, 2015 (16.4 per cent and 20.5 per cent, respectively, as on March 31, 2015).
- The company's capitalisation is supported by comfortable return on net worth of (13.7 per cent (annualised) for first three months of 2015-16 (14.2 per cent for 2014-15).
- The net worth coverage for net NPAs remained comfortable, at 20.8 times as on June 30, 2015 (24.3 times as on March 31, 2015).

Earnings

Table 1: Trend in profitability

As a percentage of average managed assets	Q1 2015-16^	2014-15	2013-14	2012-13	2011-12	2010-11
NIM *	6.7%	6.2%	5.9%	6.3%	6.6%	7.3%
Opex	1.7%	1.6%	1.5%	1.4%	1.4%	1.7%
Provisions	2.2%	1.9%	1.6%	1.4%	1.5%	1.3%
Tax	0.9%	0.9%	0.9%	1.1%	1.2%	1.4%
Return on Managed Assets	**1.9%**	**1.8%**	**2.0%**	**2.3%**	**2.5%**	**2.9%**

^ *Annualised*

**Net Interest margin = [Total Income (including securitisation) less interest expense] / Average 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. Yields (interest income including securitisation, as a percentage of average managed assets) were around 12 per cent in 2014-15.
- The company's RoMA, at 1.9 per cent (annualised) for first three months of 2015-16 (1.8 per cent in 2014-15, *refer to Table 1*), remained close to that of other CV financiers.
- The RoMA, however, declined from previous levels because of moderation in securitisation income on account of revised securitisation guidelines and higher credit costs.
- The securitisation income declined by 42 per cent to Rs.7.4 billion, while credit costs increased by 23 per cent to Rs.12.6 billion in 2014-15. Securitisation income was down by 41 per cent for the first three months of 2015-16, while credit costs were up by 33 per cent.

- 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.
- Credit costs remained high, at 2.3 per cent (annualised; as per cent of average managed assets) for the first three months of 2015-16 (1.9 per cent during 2014-15) driven by increased delinquencies over the past two years because of macroeconomic challenges and the relatively riskier profile of the borrowers.
- Credit costs however are expected to decline in line with improvement in STFCL's asset quality over the medium term.

Liquidity and asset liability management (ALM)

- STFCL has adequate ALM with positive cumulative mismatches across all maturity buckets as on June 30, 2015.
- 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 (as a percentage of total borrowings including securitisation) at 5 per cent as on June 30, 2015.
- STFCL has a comfortable liquidity position. The company had sufficient liquid investments of Rs.55.1 billion (excluding FDs/other investments earmarked against securitisation/assignment transactions) as on June 30, 2015, to meet short-term liquidity requirements.
- Furthermore, the company had adequate unutilised bank lines of around Rs.53.62 billion as on June 30, 2015, to meet short-term liquidity requirements.

Key Financials – Shriram Transport Finance Company Ltd. (Standalone)[1]:

As on / for the period ended March 31,		2015	2014	2013	2012	2011
Equity Capital	Rs. Billion	2.3	2.3	2.3	2.3	2.3
Net Worth	Rs. Billion	92.0	82.3	71.6	59.5	48.7
Total Debt	Rs. Billion	443.1	359.6	317.3	233.7	203.1
Total Debt (including securitisation)	Rs. Billion	541.9	525.9	499.6	415.8	366.3
Assets under management	Rs. Billion	591.1	531.0	496.8	402.1	361.8
Total Assets	Rs. Billion	593.3	492.3	448.3	357.8	316.1
Managed Assets	Rs. Billion	692.1	658.5	630.7	540.0	479.3
Interest Income	Rs. Billion	79.0	64.4	45.2	35.8	36.1
Total Income *	Rs. Billion	86.2	77.7	65.6	58.9	54.3
Interest Expenses	Rs. Billion	44.2	39.6	29.0	25.2	23.7
Total Income (net of interest expenses)	Rs. Billion	42.0	38.1	36.6	33.7	31.5
Operating Expenses (incl. depreciation)	Rs. Billion	10.9	9.5	7.9	7.2	6.6
Provisions & Write-offs *	Rs. Billion	12.6	10.3	8.5	7.6	5.5
PAT	Rs. Billion	12.4	12.6	13.6	12.6	12.3
Ratios:						
Return on Managed Assets (RoMA)	Per cent	1.8	2.0	2.3	2.5	2.9
Return on net worth (RoE)	Per cent	14.2	16.4	20.8	23.2	28.4
Adjusted Gearing	Times	5.9	6.4	7.0	7.0	7.5
Tier I Capital Adequacy Ratio	Per cent	16.4	17.7	16.7	17.3	16.6
Overall Capital Adequacy Ratio	Per cent	20.5	23.4	20.7	22.3	24.8
Gross NPA	Per cent	3.8	3.9	3.2	3.1	2.6
Net NPA	Per cent	0.8	0.8	0.8	0.4	0.4
Net worth/Net NPA	Times	24.3	27.2	29.6	60.9	65.4

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

[1] *Financials are adjusted as per CRISIL's analytical methodology and may differ from reported numbers*

SHRIRAM TRANSPORT FINANCE CO. LTD.

As on / for the period ended June 30,		2015	2014
Equity Capital	Rs. Billion	2.3	2.3
Net Worth	Rs. Billion	95.2	85.4
Total Debt	Rs. Billion	444.7	364.6
Total Debt (including securitisation)	Rs. Billion	532.2	503.2
Assets under management	Rs. Billion	605.3	543.6
Total Assets	Rs. Billion	605.7	499.5
Managed Assets	Rs. Billion	693.3	638.3
Total Income	Rs. Billion	23.7	19.9
Interest Expended	Rs. Billion	12.0	9.9
Total Income (net of interest expenses)	Rs. Billion	11.6	10.0
Operating Expenses (incl. depreciation)	Rs. Billion	2.9	2.6
Provisions & Write-offs	Rs. Billion	4.0	3.0
PAT	Rs. Billion	3.2	3.1
Ratios:			
Return on Managed Assets (RoMA)	Per cent	1.9	1.9
Return on net worth (RoE)	Per cent	13.7	14.6
Adjusted Gearing	Times	5.6	5.9
Tier I Capital Adequacy Ratio	Per cent	16.4	17.5
Overall Capital Adequacy Ratio	Per cent	20.1	22.9
Gross NPA	Per cent	4.1	3.7
Net NPA	Per cent	0.9	0.8
Net Worth / Net NPA	Times	20.8	27.2

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	Citibank NA	3.08	CRISIL A1+
3	Credit Suisse Bank AG	1.20	CRISIL A1+
4	Mizhuo Corporate Bank Ltd	1.50	CRISIL A1+
5	Citicorp Finance India Ltd	1.00	CRISIL A1+
6	HSBC	2.50	CRISIL A1+
7	ICBC	0.55	CRISIL A1+
8	State Bank of Mauritius	0.20	CRISIL A1+
	Total	**11.83**	

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	4.50	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.	11.50	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	**32.08**	

3. Bank Guarantee (Long-Term)

S.No.	Bank	Amount (Rs. billion)	Rating
1	ICICI Bank^	8.0000	CRISIL AA+/Stable

^ 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	0.26	CRISIL AA+/Stable
2	Allahabad Bank	3.13	CRISIL AA+/Stable
3	Andhra Bank	6.88	CRISIL AA+/Stable
4	Axis Bank	12.50	CRISIL AA+/Stable
5	Bank of Baroda	11.07	CRISIL AA+/Stable
6	Bank of India	8.09	CRISIL AA+/Stable
7	Bank of Maharashtra	5.53	CRISIL AA+/Stable
8	Canara Bank	7.94	CRISIL AA+/Stable
9	Central Bank of India	4.00	CRISIL AA+/Stable
10	City Union Bank	0.02	CRISIL AA+/Stable
11	Deutsche Bank AG	6.30	CRISIL AA+/Stable
12	The Federal Bank Ltd	0.75	CRISIL AA+/Stable
13	HDFC Bank	4.63	CRISIL AA+/Stable
14	The Hongkong and Shanghai Banking Corporation Ltd	3.08	CRISIL AA+/Stable
15	IDBI Bank	6.77	CRISIL AA+/Stable
16	Indian Bank	7.43	CRISIL AA+/Stable
17	Indian Overseas Bank	0.88	CRISIL AA+/Stable
18	Jammu & Kashmir Bank	2.25	CRISIL AA+/Stable
19	J P Morgan Chase Bank N.A.	1.75	CRISIL AA+/Stable
20	J P Morgan Securities India Private Limited	1.25	CRISIL AA+/Stable
21	Karnataka Bank	3.56	CRISIL AA+/Stable
22	Kotak Mahindra Bank	0.83	CRISIL AA+/Stable
23	Lakshmi Vilas Bank	1.00	CRISIL AA+/Stable
24	Oriental Bank of Commerce	5.50	CRISIL AA+/Stable
25	Punjab & Sindh Bank	3.35	CRISIL AA+/Stable
26	Shinhan Bank	0.28	CRISIL AA+/Stable
27	Small Industries Development Bank of India	10.29	CRISIL AA+/Stable
28	Societe Generale Corporate & Investment Banking	0.10	CRISIL AA+/Stable
29	South Indian Bank	1.13	CRISIL AA+/Stable
30	State bank of India	7.80	CRISIL AA+/Stable

31	State Bank of Bikaner & Jaipur	1.94	CRISIL AA+/Stable
32	State Bank of Hyderabad	2.25	CRISIL AA+/Stable
33	State Bank of Mauritius	0.20	CRISIL AA+/Stable
34	State Bank of Mysore	0.75	CRISIL AA+/Stable
35	State Bank of Travancore	1.00	CRISIL AA+/Stable
36	Syndicate Bank	12.54	CRISIL AA+/Stable
37	UCO Bank	1.83	CRISIL AA+/Stable
38	Union Bank of India	1.33	CRISIL AA+/Stable
39	United Bank Of India	2.55	CRISIL AA+/Stable
40	Vijaya Bank	1.13	CRISIL AA+/Stable
41	The Zororastian Co-operative Bank Ltd.	0.13	CRISIL AA+/Stable
	TOTAL	**153.98**	

5. Cash Credit/Working Capital Demand Loan

S.No.	Bank	Amount (Rs. billion)	Rating
1	Allahabad Bank	2.00	CRISIL AA+/Stable
2	Andhra Bank	1.50	CRISIL AA+/Stable
3	Axis Bank	5.50	CRISIL AA+/Stable
4	Bank of America	0.24	CRISIL AA+/Stable
5	Bank of Bahrain & Kuwait	0.25	CRISIL AA+/Stable
6	Bank Of Baroda	1.00	CRISIL AA+/Stable
7	Bank of Ceylon	0.06	CRISIL AA+/Stable
8	Bank of India	7.00	CRISIL AA+/Stable
9	Bank of Maharashtra	0.25	CRISIL AA+/Stable
10	Canara Bank	0.75	CRISIL AA+/Stable
11	Central Bank of India	3.00	CRISIL AA+/Stable
12	CitiBank NA	0.50	CRISIL AA+/Stable
13	Corporation Bank	0.50	CRISIL AA+/Stable
14	Dena Bank	1.75	CRISIL AA+/Stable
15	Deutsche Bank AG	0.25	CRISIL AA+/Stable
16	HDFC Bank	1.20	CRISIL AA+/Stable
17	The Hongkong and Shanghai Banking Corporation Ltd	0.40	CRISIL AA+/Stable
18	ICICI Bank *	1.00	CRISIL AA+/Stable
19	IDBI Bank *	4.50	CRISIL AA+/Stable
20	Indian Overseas Bank	3.00	CRISIL AA+/Stable
21	Indusind Bank *	1.50	CRISIL AA+/Stable
22	Karur Vysya Bank	0.75	CRISIL AA+/Stable
23	Kotak Mahindra Bank *	1.50	CRISIL AA+/Stable
24	Oriental Bank of Commerce	2.00	CRISIL AA+/Stable
25	Punjab National Bank	2.50	CRISIL AA+/Stable
26	The Ratnakar Bank *	0.40	CRISIL AA+/Stable
27	South Indian Bank	0.50	CRISIL AA+/Stable
28	Standard Chartered Bank	1.50	CRISIL AA+/Stable
29	State Bank of Bikaner & Jaipur	0.50	CRISIL AA+/Stable
30	State Bank of India	6.00	CRISIL AA+/Stable
31	State Bank of Mysore	1.00	CRISIL AA+/Stable
32	State Bank of Patiala	0.50	CRISIL AA+/Stable

33	State Bank of Travancore	0.50	CRISIL AA+/Stable
34	Syndicate Bank	2.00	CRISIL AA+/Stable
35	UCO Bank	1.50	CRISIL AA+/Stable
36	Union Bank of India	4.00	CRISIL AA+/Stable
37	United Bank Of India	1.50	CRISIL AA+/Stable
38	Vijaya Bank*	1.00	CRISIL AA+/Stable
39	Yes Bank	0.75	CRISIL AA+/Stable
	TOTAL	**64.55**	

**Rs.1.5 billion, Rs.0.5 billion, Rs 1 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	29.57	CRISIL AA+/Stable



CRISIL RATINGS

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For SHRIRAM TRANSPORT FINANCE CO. LTD.

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Shriram Transport Finance Co. Ltd.

Full Rating Report

Ratings

Long-Term Issuer Rating	IND AA+
Short-Term Issuer Rating	IND A1+
Fixed Deposits	IND tAA+
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)	541,085	480,781
Total equity (INRm)	88,806	82,732
Net income (INRm)	6,679	12,642
ROA (%)	1.9[a]	2.8
ROE (%)	14.2[a]	16.3
Return on managed assets (%)	1.9[a]	2.0
Equity/managed assets (%)	13.6	12.6

[a] 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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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

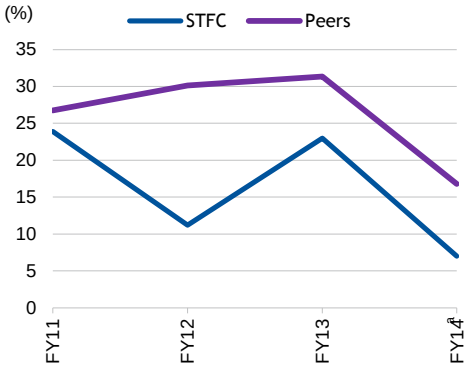
STFC is the flagship company of the Shriram group, which has a presence in consumer finance, life insurance, general insurance, stockbroking and financial product distribution. STFC was incorporated in 1979 and listed in 1984. The company is primarily engaged in providing finance for used and new commercial & 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

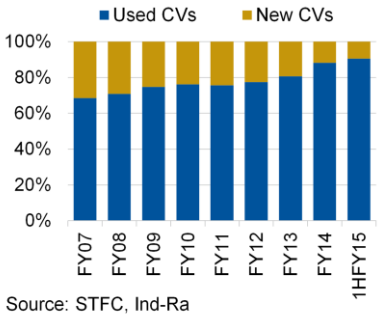
STFC's proportion of new vehicles financing has been declining due to the falling sales of new vehicles and increasing competition in the market, especially from captive finance companies. The proportion of new vehicle in its portfolio reduced to about 12% in FY14 from about 25% in FY12. As new sales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

Figure 2

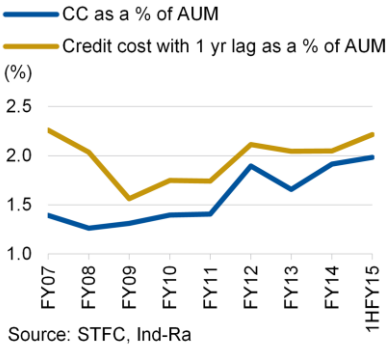
AUM Break Up (New and Used CVs)



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

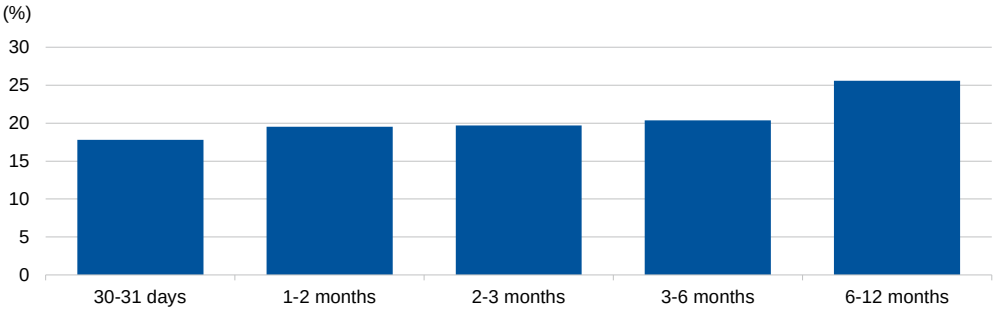
STFC's gross NPLs and credit costs have increased in the current downturn (1HFY15 credit costs: 2.0% of AUM, FY14: credit costs: 2.0% of AUM). The credit costs are likely to remain elevated in FY15 and early FY16, before gradually moderating on the better cash flow of truck operators. Nevertheless, the 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.

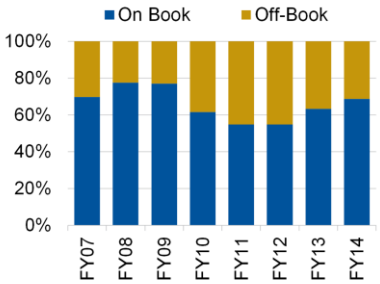
Funding and Liquidity

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.

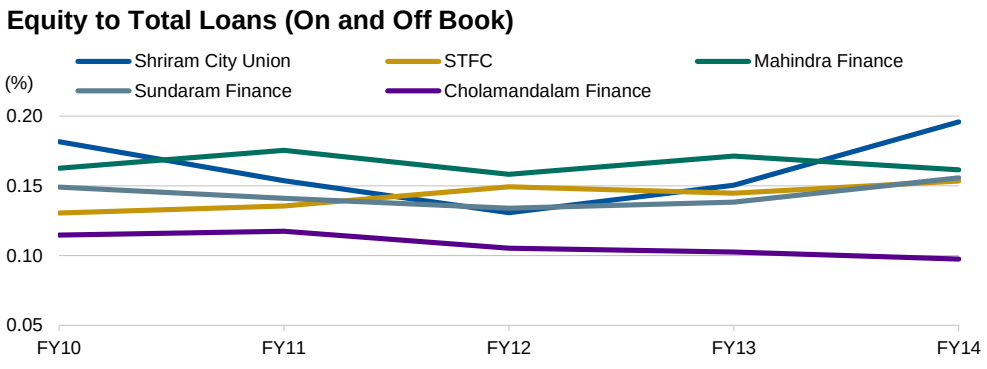
Capitalisation

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



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	11.66	35,012.2	13.38
2. Other Interest Income	110.9	6,031.6	1.50	1,959.3	0.52	2,626.0	0.89	2,139.0	0.82
3. Dividend Income	0.0	0.00	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**	**36,989.3**	**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	6.8	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	3,700.6	1.26	3,582.1	1.37
17. Other Operating Expenses	158.2	8,604.4	2.13	4,394.8	1.16	4,114.6	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	8,526.3	2.26	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	1,855.0	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 = INR51.15650		USD1 = INR44.65000		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	65.26	202,715.4	65.10
6. Less: Reserves for Impaired Loans/ NPLs	211.0	11,475.9	2.39	7,977.3	1.8	5,960.6	1.70	4,541.2	1.46
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	293.1	15,939.2	3.32	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	1,615.8	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	1,302.8	70,859.8	14.74	38,882.8	8.8	21,969.7	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	18.2	990.2	0.21	582.7	0.1	362.5	0.10	359.5	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	14.6	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	2,511.6	0.52	2,838.3	0.6	2,166.8	0.62	1,536.9	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	20,305.8	4.6	32,209.6	9.17	38,641.2	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	13,463.8	3.1	12,037.7	3.43	11,294.6	3.63
4. Total Customer Deposits	**423.7**	**23,042.4**	**4.79**	**13,463.8**	**3.1**	**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	107,383.3	24.4	79,885.4	22.73	70,986.8	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	152,424.5	34.6	106,350.8	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	1,639.8	0.34	776.6	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	56,859.1	12.9	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 = INR54.3893		USD1 = INR51.15650		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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