



Shriram Transport Finance Company Limited

Shriram Transport Finance Company Limited (our “Company”), a public limited company was incorporated under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 30, 1979, issued by the Registrar of Companies, Chennai, Tamil Nadu (Registered as a deposit taking Non-Banking Financial Company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934)). Our Company has obtained a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007, (bearing registration no. 07-00459). Our Company is a Deposit taking Non-Banking Financial Company. For further details please see “General Information” and “History, Main Objects and Key Agreements” on pages 42 and 124 respectively.

Corporate Identification Number: L65191TN1979PLC007874

Registered Office: Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu- 600 004

Tel No: +91 44 2499 0356 **Fax:** +91 44 2499 3272

Corporate Office: Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

Tel No: +91 22 4095 9595 **Fax:** +91 22 4095 9596/97

Website: www.stfc.in **Compliance Officer and Contact Person:** Mr. Vivek Madhukar Achwal; **E-mail:** stfcncd9t1comp@stfc.in

PUBLIC ISSUE BY SHRIRAM TRANSPORT FINANCE COMPANY LIMITED, (“COMPANY” OR “ISSUER”) OF 10,00,00,000 SECURED REDEEMABLE NON- CONVERTIBLE DEBENTURES OF FACE VALUE OF Rs. 1,000 EACH, (“NCDs”), FOR AN AMOUNT AGGREGATING UPTO Rs. 10,00,000 LACS (“SHELF LIMIT”), (“ISSUE”). THE NCDs WILL BE ISSUED IN ONE OR MORE TRANCHEs (EACH BEING A “TRANCHE ISSUE”) SUBJECT TO THE SHELF LIMIT, IN ACCORDANCE WITH THE TERMS AND CONDITIONS SET OUT IN SEPARATE TRANCHE PROSPECTUS FOR EACH SUCH TRANCHE ISSUE WHICH SHOULD BE READ TOGETHER WITH THIS DRAFT SHELF PROSPECTUS AND THE SHELF PROSPECTUS. THIS DRAFT SHELF PROSPECTUS TOGETHER WITH THE SHELF PROSPECTUS AND THE RELEVANT TRANCHE PROSPECTUS FOR A SPECIFIC TRANCHE ISSUE SHALL CONSTITUTE THE “PROSPECTUS”. THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED (THE “DEBT REGULATIONS”), THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER AS AMENDED

OUR PROMOTER

Our Promoter is Shriram Capital Limited. For details of our Promoter, please see “Our Promoter” on page 140 of this Draft Shelf Prospectus.

GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the Investors is invited to the chapter titled “Risk Factors” beginning on page 16 of this Draft Shelf Prospectus and “Material Developments” beginning on page 178 of this Draft Shelf Prospectus and the risk factors and material developments, if any, in the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue. This Draft Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India, the Reserve Bank of India, the Registrar of Companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Shelf Prospectus read together with relevant Tranche Prospectus for a Tranche Issue does contain and will contain all information with regard to the Issuer and the relevant Tranche Issue, which is material in the context of the Issue, that the information contained in this Draft Shelf Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and Eligible Investors of the NCDs, please see “Issue Structure” on page 183 of this Draft Shelf Prospectus.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated ‘CARE AA+; Stable’ by CARE Ratings Limited (“CARE”) for an amount of up to Rs. 10,00,000 lacs vide its letter dated June 28, 2019, ‘CRISIL AA+/Stable’ by CRISIL Limited (“CRISIL”) for an amount of up to Rs. 10,00,000 lacs vide its letter dated June 26, 2019 and ‘IND AA+; Outlook Stable’ by India Ratings and Research Private Limited (“India Ratings”) for an amount of up to Rs. 10,00,000 lacs vide its letter dated June 25, 2019. The rating of the NCDs by CARE, CRISIL and India Ratings indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The ratings provided by CARE and/or CRISIL and/or India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to Annexures A, B and C for the rationale for the above ratings.

LISTING

The NCDs offered through the Issue are proposed to be listed on the National Stock Exchange of India Limited (“NSE”) and the BSE Limited (“BSE”). Our Company has obtained an ‘in-principle’ approval for the Issue from the NSE vide their letter dated [●] and from the BSE vide their letter dated [●]. For the purposes of the Issue, NSE shall be the Designated Stock Exchange.

PUBLIC COMMENTS



This Draft Shelf Prospectus dated June 29, 2019 has been filed with NSE, the Designated Stock Exchange, pursuant to the provisions of the Debt Regulations on June 29, 2019 and is open for public comments for a period of seven Working Days from the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange. All comments on this Draft Shelf Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments may be sent through post, facsimile or e-mail; however please note that all comments by post must be received by the Company by 5:00 p.m. on the seventh Working Day from the date on which this Draft Shelf Prospectus is hosted on the website of the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE

 <p>JM Financial Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025 Tel: +91 22 6630 3030 Fax: 91 22 6630 3330 Email: stfc.bondissue2019@jmfl.com Investor Grievance Email: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Ms. Prachee Dhuri Compliance Officer: Mr. Sunny Shah SEBI Regn. No.: INM000010361</p>	 <p>A. K. Capital Services Limited 30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400 021, India Tel: +91 22 6754 6500/ 6634 9300 Fax: +91 22 6610 0594 Email: stfc.ncd2019@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akgroup.co.in Contact Person: Mr. Krish Sanghvi/ Mr. Malay Shah Compliance Officer: Mr. Tejas David SEBI Registration No.: INM000010411</p>	 <p>SMC Capitals Limited A-401/402, Lotus Corporate Park, Jai Coach Junction, Off Western Express Highway, Goregaon (East), Mumbai 400063 Tel: +91 22 66481818 Fax: +91 22 67341697 Email: stfc.ncd2019@smccapitals.com Investor Grievance Email: investor.grievance@smccapitals.com Website: www.smccapitals.com Contact Person: Mr. Satish Mangutkar/Mr. Bhavin Shah Compliance Officer: Ms. Vaishali Gupta SEBI Registration Number: INM000011427</p>
---	---	--

DEBENTURE TRUSTEE

REGISTRAR TO THE ISSUE

 <p>Catalyst Trusteeship Limited** “GDA House”, Plot No 85, Bhusari Colony (Right), Kothrud, Pune – 411038 Tel: 022 4922 0543 Fax: 022 4922 0505 Email: ComplianceCTL-Mumbai@ctltrustee.com Investor Grievance Email: grievance@ctltrustee.com Website: www.catalysttrustee.com Contact Person: Umesh Salvi SEBI Registration No.: IND000000034</p>	 <p>Integrated Registry Management Services Private Limited 2nd Floor, “Kences Towers”, No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 Tel: + 91 44 2814 0801 to 803 Fax: +91 44 28142479 Email: stfcipo@integratedindia.in Investor Grievance Email: sureshbabu@integratedindia.in Website: www.integratedindia.in Contact Person: Ms. Anusha N / Mr. Sriram S SEBI Registration No: INR000000544</p>
--	--

ISSUE PROGRAMME*

ISSUE OPENS ON: As specified in the relevant Tranche Prospectus

ISSUE CLOSES ON: As specified in the relevant Tranche Prospectus

* The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or duly constituted Debt Issuance Committee - Public NCDs thereof, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges. For further details please refer to the section titled “General Information” on page 42 of this Draft Shelf Prospectus.

**Catalyst Trusteeship Limited has by its letter dated June 20, 2019 given its consent for its appointment as Debenture Trustee to the Issue pursuant to regulation 4(4) of the Debt Regulations and for its name to be included in this Draft Shelf Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue.

A copy of the Shelf Prospectus along with a copy of the relevant Tranche Prospectus shall be filed with the Registrar of Companies, Chennai, Tamil Nadu, in terms of section 26 and 31 of the Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please see “Material Contracts and Documents for Inspection” beginning on page 260 of this Draft Shelf Prospectus.

TABLE OF CONTENTS

SECTION I GENERAL	1
DEFINITIONS / ABBREVIATIONS	1
FORWARD LOOKING STATEMENTS	12
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	14
SECTION II RISK FACTORS	16
SECTION III INTRODUCTION.....	42
GENERAL INFORMATION	42
SUMMARY FINANCIAL INFORMATION	51
CAPITAL STRUCTURE.....	72
OBJECTS OF THE ISSUE	81
STATEMENT OF TAX BENEFITS	83
SECTION IV ABOUT THE ISSUER AND THE INDUSTRY	91
INDUSTRY.....	91
OUR BUSINESS	102
HISTORY, MAIN OBJECTS AND KEY AGREEMENTS.....	124
OUR MANAGEMENT.....	130
OUR PROMOTER.....	140
SECTION V FINANCIAL INFORMATION	142
FINANCIAL STATEMENTS	142
DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS	143
MATERIAL DEVELOPMENTS.....	178
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS	179
SECTION VI ISSUE RELATED INFORMATION	183
ISSUE STRUCTURE	183
TERMS OF THE ISSUE.....	188
ISSUE PROCEDURE	202
SECTION VII LEGAL AND OTHER INFORMATION	225
OUTSTANDING LITIGATIONS AND DEFAULTS	225
OTHER REGULATORY AND STATUTORY DISCLOSURES.....	230
REGULATIONS AND POLICIES.....	242
SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION	255
SECTION VIII MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	260
DECLARATION	262
ANNEXURE A – CRISIL RATING AND RATIONALE	266
ANNEXURE B – INDIA RATINGS RATING AND RATIONALE.....	267
ANNEXURE C – CARE RATING AND RATIONALE	268
ANNEXURE D – DEBENTURE TRUSTEE CONSENT	269

SECTION I GENERAL

DEFINITIONS / ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to “the Issuer”, “our Company”, “the Company” or “STFCL” are to Shriram Transport Finance Company Limited, a company incorporated under the Companies Act, 1956, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934, and having its Registered Office at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu – 600 004. Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to “we” or “us” or “our” are to our Company.

This Draft Shelf Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings ascribed to such terms in this Draft Shelf Prospectus, and references to any legislation, act, regulation, rules, guidelines, policies, circular, notification, charter documents or clarification will include any amendments or re-enactments thereto, from time to time.

Company related terms

Term	Description
“We”, “us”, “our”, “STFCL”, “Issuer”, “the Company” and “our Company”	Shriram Transport Finance Company Limited, a company incorporated under the Companies Act, 1956, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934, and having its Registered Office at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu – 600 004
AOA/Articles/Articles of Association	Articles of Association of our Company
Assets Under Management as per IGAAP	Total Loan Assets and loan assets securitised and assigned, which continue to be serviced by the transferor
Assets Under Management as per Ind AS	Total Loan Assets and loan assets assigned, which continue to be serviced by the transferor
Associate Company	Shriram Automall India Limited
Audited Ind AS Consolidated Financial Statements	The audited Ind AS consolidated financial statement comprising of balance sheet as at March 31, 2019 and the statement of profit and loss for the Fiscal 2019, the statement of cash flows for the Fiscal 2019 and the statement of changes in equity for the Fiscal 2019 and a summary of the significant accounting policies and other explanatory information for the Fiscal 2019, prepared in accordance with Ind AS, as jointly audited by our Company’s Joint Statutory Auditors
Audited Ind AS Standalone Financial Statements	The audited Ind AS standalone financial statement comprising of balance sheet as at March 31, 2019 and the statement of profit and loss for the Fiscal 2019, the statement of cash flows for the Fiscal 2019 and the statement of changes in equity for the Fiscal 2019 and a summary of the significant accounting policies and other explanatory information for the Fiscal 2019, prepared in accordance with Ind AS, as jointly audited by our Company’s Joint Statutory Auditors
Audited Ind AS Financial Statements	Audited Ind AS Consolidated Financial Statements and Audited Ind AS Standalone Financial Statements
Board / Board of Directors	The Board of Directors of our Company and includes any committee thereof from time to time
Debt Issuance Committee	The Debt Issuance Committee - Public NCDs constituted by our Board of Directors vide board resolution dated January 28, 2019
ECL or Expected Credit Loss	ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate
Equity Shares	Equity shares of face value of Rs. 10 each of our Company
Gross NPA	Loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts
Gross NPA %	Percentage of Gross NPA to Total Loan Assets as per IGAAP

Term	Description
Group Companies	<p>The following are the Group Companies of our Company:</p> <ul style="list-style-type: none"> • Shriram Value Services Limited • Shriram Automall India Limited • Shriram Life Insurance Company Limited • Shriram General Insurance Company Limited • Shriram Fortune Solutions Limited • Shriram Financial Products Solutions (Chennai) Private Limited • Shriram Insight Share Brokers Limited • Shriram Asset Management Company Limited • Adroit Inspection Service Private Limited
KMP/ Key Managerial Personnel	<p>Key Managerial Personnel, as defined under Section 2 (51) of the Companies Act, 2013, as on the date of this Draft Shelf Prospectus:</p> <ul style="list-style-type: none"> • Mr. Umesh Revankar, Managing Director and Chief Executive Officer • Mr. Parag Sharma, Chief Financial Officer • Mr. Vivek Achwal, Company Secretary and Compliance Officer
Memorandum / MOA	Memorandum of Association of our Company
Net Loan Assets under IGAAP	Total Loan Assets as per IGAAP as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans
Net Loan Assets as per Ind AS (Net of Provisions)	Secured hypothecation loans, other secured loans, retained interest on securitisation, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortised loan origination cost and net of unamortised processing fee as determined under Ind AS as adjusted for ECL provisions
Net NPA	Net NPA means Gross NPA net off provision held for NPA accounts and provision for diminution in fair value of restructured loans
Net NPA %	Percentage of Net NPA to Net Loan assets as per IGAAP
Net worth	Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Off-balance sheet as per IGAAP	Hypothecation loans securitised or assigned, which continue to be serviced by the transferor
Off-balance sheet as per Ind AS	Hypothecation loans assigned, which continue to be serviced by the transferor
Reformatted Consolidated Financial Statements	<p>The statement of reformatted consolidated assets and liabilities of the Company and its subsidiaries and Associate Company (current or otherwise as applicable) as at March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 and the related statement of reformatted consolidated statement of profit and loss and the related statement of reformatted consolidated cash flow for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 as jointly examined by our Company's Joint Statutory Auditors.</p> <p>The audited consolidated financial statements of the Company as at and for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 form the basis for such Reformatted Consolidated Financial Statements.</p>
Reformatted Standalone Financial Statements	<p>The statement of reformatted standalone assets and liabilities of our Company, and the related statement of reformatted standalone statement of profit and loss of our Company and the related statement of reformatted standalone cash flow of our Company as at and for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, as jointly examined by our Company's Joint Statutory Auditors.</p> <p>The audited standalone financial statements of our Company as at and for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 form the basis for such Reformatted Standalone Financial Statements.</p>

Term	Description
Reformatted Financial Statements	Reformatted Consolidated Financial Statements and Reformatted Standalone Financial Statements
Registrar of Companies / RoC	The Registrar of Companies, Tamil Nadu at Chennai
SCL/Promoter	The promoter of our Company, Shriram Capital Limited
SEFCL	Shriram Equipment Finance Company Limited
SEFCL Merger Order	Order dated March 31, 2016 passed by the Hon'ble High Court of Madras sanctioning the SEFCL Scheme of Merger (as defined hereunder)
SEFCL Scheme of Merger	The scheme of arrangement involving, inter-alia, amalgamation of SEFCL, with our Company as sanctioned by the SEFCL Merger Order
SHMPL	Shriram Holdings (Madras) Private Limited
SHMPL Merger Order	Order dated September 13, 2012 passed by the Hon'ble High Court of Madras sanctioning the SHMPL Scheme of Merger (as defined hereunder)
SHMPL Scheme of Merger	The scheme of arrangement involving, inter-alia, amalgamation of SHMPL, with our Company as sanctioned by the SHMPL Merger Order
SIL	Shriram Investments Limited
SIL Scheme of Merger	The scheme of arrangement and amalgamation of the erstwhile SIL, with our Company as approved, vide an order of Hon'ble High Court of Madras passed on November 25, 2005
SOFL	Shriram Overseas Finance Limited
SOFL Scheme of Merger	The scheme of arrangement and amalgamation of the erstwhile SOFL with our Company as approved, vide an order of Hon'ble High Court of Madras passed on December 1, 2006
SOT	Shriram Ownership Trust
Stage 1 Assets	Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date as defined under Ind AS
Stage 1 Provision	Stage 1 Provision are 12-month ECL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS
Stage 2 Provision	Stage 2 Provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS
Stage 3 Provision	Stage 3 Provision are lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Statutory Auditors / Joint Statutory Auditors	Our joint statutory auditors being M/s Pijush Gupta & Co. and M/s Haribhakti & Co. LLP
Total Loan Assets as per IGAAP	Secured hypothecation loans, other secured loans, retained interest on securitisation, unsecured loans and unsecured advance for hypothecation loans
Total Loan Assets as per Ind AS (gross of Provisions)	Secured hypothecation loans, other secured loans, retained interest on securitisation, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortised loan origination cost and net of unamortised processing fee as determined under Ind AS excluding provisions
SVS	Shriram Value Services Limited

Issue related terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Draft Shelf Prospectus, the Shelf Prospectus and relevant Tranche Prospectus
Allotment / Allot / Allotted	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the successful Allottees
Allotment Advice	The communication sent to the Allottees conveying the details of the NCDs Allotted to the Allottees in accordance with the Basis of Allotment
Allottee(s)	A successful Applicant to whom the NCDs are Allotted pursuant to the Issue
Applicant/Investor	A person who applies for the issuance and Allotment of NCDs through the ASBA Process pursuant to the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus(es), the Abridged Prospectus and Application Form for any Tranche Issue
Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Draft Shelf Prospectus, the Shelf Prospectus and the relevant Tranche Prospectus
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form
Application Form	The form used by an Applicant for applying for the NCDs under the Issue through the ASBA process, in terms of the Draft Shelf Prospectus, the Shelf Prospectus and the relevant Tranche Prospectus
ASBA	Application Supported by Blocked Amount
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant
Banker(s) to the Issue	Collectively, the Public Issue Account Bank and the Refund Bank
Base Issue / Base Issue Size	As may be specified in the relevant Tranche Prospectus for each Tranche Issue
Basis of Allotment	As may be specified in the relevant Tranche Prospectus for each Tranche Issue
Bidding Centres/Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchanges, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchanges
CARE	CARE Ratings Limited
Category I – Institutional Investors	<ul style="list-style-type: none"> Public financial institutions scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs; Provident funds, pension funds with a minimum corpus of Rs.2,500 lacs, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; Mutual Funds registered with SEBI Venture Capital Funds/ Alternative Investment Fund registered with SEBI; Insurance Companies registered with IRDA; State industrial development corporations; Insurance funds set up and managed by the army, navy, or air force of the Union of India; Insurance funds set up and managed by the Department of Posts, the Union of India; Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net worth of more than Rs. 50,000 lacs as per the last audited financial statements;

Term	Description
	<ul style="list-style-type: none"> National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Category II – Non-Institutional Investors	<ul style="list-style-type: none"> Companies within the meaning of section 2(20) of the Companies Act, 2013; Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; Co-operative banks and regional rural banks; Public/private charitable/ religious trusts which are authorised to invest in the NCDs; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners; Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); Association of Persons; and Any other incorporated and/ or unincorporated body of persons.
Category III – High Net-Worth Individuals	Resident Indian individuals or Hindu Undivided Families through the Karta who apply for NCDs for an amount aggregating to a value more than Rs. 10 lacs, across all Series of NCDs as specified in the relevant Tranche Prospectus(es)
Category IV – Retail Individual Investors	Resident Indian individuals or Hindu Undivided Families through the Karta who apply for NCDs aggregating to a value upto and including Rs. 10 lacs, across all Series of NCDs as specified in the relevant Tranche Prospectus(es)
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under Section 12(1A) of the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt ASBA Circular (as defined below)
Credit Rating Agency(ies)	The credit rating agencies in connection with this Issue, namely, CARE Ratings Limited, CRISIL Limited and India Ratings and Research Private Limited
CRISIL	CRISIL Limited
“Debenture Holder(s)” or “NCD Holder(s)”	Any person holding the NCDs and whose name appears on the beneficial owners list provided by the Depository (in case of NCDs in the dematerialized form) and/or whose name appears in the Register of NCD Holders maintained by our Company (in case of NCDs in physical form pursuant to rematerialisation)
Debentures / NCDs	Secured, Redeemable, Non-Convertible Debentures offered through this Draft Shelf Prospectus aggregating up to Rs. 10,00,000 lacs to be issued by our Company in terms of the Draft Shelf Prospectus, the Shelf Prospectus and relevant Tranche Prospectus(es)
Debenture Trustee	Trustee for the Debenture Holders, in this case being Catalyst Trusteeship Limited
Debenture Trust Agreement	Agreement dated June 26, 2019 entered into between our Company and the Debenture Trustee
Debenture Trust Deed	Deed and/or indenture of trust to be entered into between our Company and the Debenture Trustee which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon
Debt Application Circular	Circular no. CIR/IMD/DF 1/20/ 2012 issued by SEBI on July 27, 2012
Debt ASBA Circular	Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018
Debt Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of the debt securities of our Company
Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time
Deemed Date of Allotment	The date on which the Debt Issuance Committee constituted by resolution of the Board dated January 28, 2019 approves the Allotment of NCDs for each Tranche Issue and or such other date as may be determined by the Board or the Debt Issuance Committee and notified to the Stock Exchanges. All benefits under the NCDs including payment of interest (as specified for each Tranche Issue by way

Term	Description
	of the relevant Tranche Prospectus) shall be available to the NCD Holders from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	Details of an Applicant such as address, occupation, Category for printing on refund orders, Permanent Account Number (“PAN”) and bank account details, which are based on the details provided by the Applicant in the Application Form
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited and /or Central Depository Services (India) Limited.
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other weblink as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms, are available on the website of NSE at https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm and as updated from time to time.
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Draft Shelf Prospectus, the Shelf Prospectus and relevant Tranche Prospectus and the Public Issue Account Agreement
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm and as updated from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Shelf Prospectus	This draft shelf prospectus dated June 29, 2019 filed with SEBI and the Stock Exchanges for receiving public comments in accordance with the provisions of the Debt Regulations
HNI Portion	Applications received from HNI Investors grouped together across all Series as specified in the relevant Tranche Prospectus(es)
India Ratings	India Ratings and Research Private Limited
Individual Investors	All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation HNI Investors and Retail Individual Investors and other individuals who are eligible under applicable laws to hold the NCDs
Issue	Public Issue by our Company of NCDs pursuant to this Draft Shelf Prospectus, the Shelf Prospectus and the relevant Tranche Prospectus(es) for an amount up to an aggregate amount of the Shelf Limit of Rs. 10,00,000 lacs. The NCDs will be issued in one or more tranches subject to the Shelf Limit.
Issue Agreement	The agreement dated June 29, 2019 between our Company and the Lead Managers
Issue Closing Date	Issue Closing Date as specified in the relevant Tranche Prospectus for each Tranche Issue
Issue Opening Date	Issue Opening Date as specified in the relevant Tranche Prospectus for each Tranche Issue
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which prospective Applicants may submit their Application Forms

Term	Description
Lead Broker Agreement	Agreement to be entered among our Company, the Lead Managers and the Lead Brokers
Lead Brokers	As specified in the relevant Tranche Prospectus(es)
Lead Managers	JM Financial Limited, A. K. Capital Services Limited and SMC Capitals Limited
Limited Liability Partnership	A limited liability partnership registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), as amended from time to time
Market Lot	1 (one) NCD
Non Individual Investors	All categories of entities, associations, organizations, societies, trusts, funds, partnership firms (including LLPs), bodies corporate, statutory and/or regulatory bodies and authorities and other forms of legal entities who are NOT individuals or natural persons and are eligible under applicable laws to hold the NCDs including without limitation Institutional Investors and Non Institutional Investors
Public Issue Account	A bank account opened in accordance with the provisions of the Companies Act, 2013, with the Public Issue Account Bank to receive money from the ASBA Accounts on the Designated Date
Public Issue Account Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and the Lead Managers for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Public Issue Account Bank	As specified in the relevant Tranche Prospectus
Record Date	The record date for payment of interest in connection with the NCDs issued under the relevant Tranche Prospectus or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable and/or the date of redemption, or such other date as may be otherwise specified by the Stock Exchanges. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption. In event the Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Registered Brokers / Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
Refund Account(s)	The account(s) opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount shall be made, and as specified in the relevant Tranche Prospectus
Refund Bank	As specified in the relevant Tranche Prospectus
Register of NCD Holders	The statutory register in connection with any NCDs which are held in the physical form pursuant to rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act
Registrar/ Registrar to the Issue	Integrated Registry Management Services Private Limited
Registrar and Share Transfer Agents / RTA	Registrar and share transfer agents to the Issue registered with SEBI
Registrar Agreement	The agreement dated June 28, 2019 between our Company and the Registrar in connection with the Issue
Redemption Amount	The amount payable by the Company to the relevant NCD Holder at the time of redemption of NCDs, including any amount of interest accrued as on the Redemption Date as specified in the relevant Tranche Prospectus(es)
Redemption Date	The date on which the Company is liable to redeem the NCDs in full as specified in the relevant Tranche Prospectus(es)
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes

Term	Description
	updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended from time to time.
Specified Cities / Specified Locations	Bidding Centres where the Member of the Syndicate shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Series	As specified in relevant Tranche Prospectus(es)
Shelf Limit	The aggregate limit of the Issue being Rs. 10,00,000 lacs to be issued as per the terms of this Draft Shelf Prospectus and the Shelf Prospectus in one or more tranches
Shelf Prospectus	The Shelf Prospectus to be filed by our Company with the RoC, SEBI, NSE, BSE, in accordance with the Debt Regulations and provisions of the Companies Act, 2013 read with any addendum/ corrigendum thereto. The Shelf Prospectus shall be valid for a period as prescribed under section 31 of the Companies Act, 2013.
Stock Exchange/s	NSE and BSE
Syndicate or Members of the Syndicate	Collectively, the Lead Managers and Lead Brokers appointed in relation to the Issue
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members instead of the Designated Branches of the SCSBs
Syndicate ASBA Application Locations	Bidding centres where the Members of the Syndicate and Trading Members shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate, and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor of the NCDs as specified in the relevant Tranche Prospectus
Tranche Issue	Issue of NCDs as per the terms specified in each Tranche Prospectus
Tranche Prospectus	The tranche prospectus containing the details of NCDs including interest, other terms and conditions
Trading Members	Intermediaries registered with a broker or a sub-broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges
Transaction Documents	Transaction Documents shall mean, the Issue Agreement, the Registrar Agreement, the Debenture Trustee Agreement, the agreed form of the Debenture Trust Deed to be executed between our Company and the Debenture Trustee, the Lead Broker Agreement, Public Issue Account Agreement and Tripartite Agreements, executed or to be executed by our Company, as the case may be. For further details, please refer to the section titled “ <i>Material Contracts and Documents for Inspection</i> ” beginning on page 260 of this Draft Shelf Prospectus.

Term	Description
Tripartite Agreement(s)	Tripartite agreement dated March 29, 2000 among our Company, the Registrar and CDSL and tripartite agreement dated April 30, 1999 among our Company, the Registrar and NSDL under the terms of which the Depositories have agreed to act as depositories for the securities issued by the Issuer.
TRS/ Transaction Registration Slip	The slip or document issued by the Lead Managers, Lead Brokers, Trading Members of the Stock Exchange or the designated branches of the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the Application.
Working Days	Working Day shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Debt Issuance Committee, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given on or before such earlier or initial date of Issue closure. On the Issue Closing Date, including such earlier date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.*

Business / Industry related terms

Term	Description
ALM	Asset Liability Management
ALCO	Asset Liability Committee
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016, as amended from time to time
CAR	Capital Adequacy Ratio computed on the basis of applicable RBI requirements
CV	Commercial Vehicle
DIN	Director Identification Number
FTB(s)	First Time Buyers
HCV	Heavy Commercial Vehicle
ICRA	ICRA Limited
ICRA Report	Reports issued by ICRA and titled as (A) Retail – NBFC Credit Trends published in April 2019; (B) Indian Automobile Industry- Passenger Vehicles (“Inventory correction at dealerships continue to weigh on wholesale dispatches”) published in June 2019; (C) Indian Automobile Industry- Commercial Vehicles (“Weakness in CV industry worsens – Domestic sales decline by 10% in May led by subdued demand for Goods Carriers”) published in June 2019; and (D) Indian Tractor Industry published in May 2019
ICVs	Intermediate Commercial Vehicles
India Ratings Report	Reports issued by India Ratings and titled as Credit Outlook FY20 published in March 2019
KYC	Know Your Customer
KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LC	Loan Company
LCV(s)	Light Commercial Vehicles
LTV	Loan to value
MCVs	Medium Commercial Vehicles
MPVs	Multi-purpose Vehicles
MSIL	Maruti Suzuki India Limited

Term	Description
M&HCV	Medium and Heavy Commercial Vehicle
NBFC	Non- Banking Financial Company
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFCs-MFI	Non-Banking Financial Company – Micro Finance Institutions
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-P2P	Non-Banking Financial Company – Peer to Peer Lending Platform
NHDP	National Highways Development Project
NHAI	National Highways Authority of India
OEM	Original Equipment Manufacturers
PVs	Passenger Vehicles
Public Deposit Directions	The Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, as amended from time to time
SCVs	Small Commercial Vehicles
SFO(s)	Small Fleet Operators
SME	Small and Medium Enterprises
SRTO(s)	Small Road Transport Operators
STO(s)	Small Truck Owners
UVs	Utility Vehicles

Conventional and general terms or abbreviations

Term	Description
AGM	Annual General Meeting
The Companies Act, 1956	The Companies Act, 1956, as amended from time to time and to the extent as applicable as on date of this Draft Shelf Prospectus
The Companies Act, 2013/ the Companies Act	The Companies Act, 2013 and the rules prescribed thereunder, as amended
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA 20	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended from time to time
FII/ FIIs	Foreign Institutional Investor(s)
FPI	Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
Financial Year / FY/ Fiscal	Financial Year ending March 31
GDP	Gross Domestic Product
GoI	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Ind AS	Indian accounting standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP / IGAAP	Generally Accepted Accounting Principles in India or Accounting Standards ('AS') under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016
IRDA	Insurance Regulatory and Development Authority of India
I.T. Act	The Income Tax Act, 1961, as amended from time to time
KMLA	Kerala Money Lenders Act, 1958, as amended
LLP	Limited Liability Partnership as defined under the Limited Liability Partnership Act, 2008 and rules prescribed as amended from time to time

Term	Description
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MVAT	Maharashtra Value Added Tax
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IC and 45-IF of the RBI Act, 1934
NBFC - Investment and Credit Company / NBFC-ICC	Any company, which is a financial institution, carrying on as its principal business- asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFC as defined by the Reserve Bank of India in any of its master directions
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NPA	Non – Performing Asset
NRIs	Persons resident outside India, who are citizens of India and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
Rs./ INR/ Rupees/Indian Rupee	The lawful currency of the Republic of India
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RTGS	Real Time Gross Settlement
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Banks
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
TDS	Tax Deducted at Source
UPI	Unified Payments Interface
USSD	Unstructured Supplementary Service Data
WDM	Wholesale Debt Market

Notwithstanding anything contained herein, capitalised terms that have been defined in the chapters titled “*Capital Structure*”, “*Regulations and Policies*”, “*History, Main Objects and Key Agreements*”, “*Statement of Tax Benefits*”, “*Our Management*”, “*Disclosures on Existing Financial Indebtedness*”, “*Outstanding Litigations and Defaults*”, “*Financial Statements*” and “*Issue Procedure*” on pages 72, 242, 124, 83, 130, 143, 225, 142 and 202 of this Draft Shelf Prospectus, respectively will have the meanings ascribed to them in such chapters.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Shelf Prospectus that are not statements of historical fact constitute “forward- looking statements.” Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our Company’s expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, revenue and profitability, planned projects and other matters discussed in this Draft Shelf Prospectus that are not historical facts. These forward-looking statements and any other projections contained in this Draft Shelf Prospectus (whether made by our Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations, to differ from our Company’s expectations include, but are not limited to, the following:

- Any increase in the levels of NPA on our loan portfolio, for any reason whatsoever;
- Our Company’s ability to successfully recover the outstanding advances or proper management of NPA;
- Any volatility in interest rates;
- General economic and business conditions in India and globally;
- Our ability to manage credit quality of our portfolio;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Our ability to compete effectively and access funds at competitive cost;
- Unanticipated turbulence in interest rates, equity prices or other rates or prices; the performance of the financial and capital markets in India and globally;
- Availability of funds and willingness of our lenders to lend;
- Changes in political conditions in India;
- The rate of growth of our loan assets;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Any changes in connection with Government policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;
- We have incurred significant indebtedness and may incur substantial additional borrowings in connection with our business;
- Changes in government regulations;

- Emergence of new competitors;
- Growth of transportation services in India;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- Other factors discussed in this Draft Shelf Prospectus, including under the section titled “*Risk Factors*” beginning on page 16 of this Draft Shelf Prospectus.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled “*Industry*”, “*Our Business*” and “*Outstanding Litigations and Defaults*” on page 91, 102 and 225, respectively, of this Draft Shelf Prospectus. The forward-looking statements contained in this Draft Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company’s underlying assumptions prove to be incorrect, our Company’s actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Managers, our Company, our Directors, our KMPs and officers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the Debt Regulations, our Company and the Lead Managers will ensure that investors in India are informed of material developments between the date of filing this Draft Shelf Prospectus and the Shelf Prospectus and the relevant Tranche Prospectus with the RoC and the date of receipt of listing and trading approvals for the NCDs.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this Draft Shelf Prospectus, unless the context otherwise indicates or implies, references to “you,” “offeree,” “purchaser,” “subscriber,” “recipient,” “investors” and “potential investor” are to the prospective investors to this Issue, references to “our Company”, “the Company” or “the Issuer” are to Shriram Transport Finance Company Limited.

In this Draft Shelf Prospectus, references to “US\$” is to the legal currency of the United States and references to “Rs.” and “Rupees” are to the legal currency of India. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions and all references to “India” are to the Republic of India and its territories and possessions, and the “Government”, the “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

In this Draft Shelf Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Unless otherwise stated, all figures pertaining to the financial information in connection with our Company are on a standalone basis.

Unless stated otherwise, all references to page numbers in this Draft Shelf Prospectus are to the page numbers of this Draft Shelf Prospectus.

Presentation of Financial Information

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or Fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Shelf Prospectus are to a calendar year and references to a Fiscal/ financial year are to the year ended on March 31, of that calendar year. Our Company publishes its financial statements in Rupees, in lacs.

The Government of India has introduced Ind AS pursuant to the “Convergence of its existing standards with IFRS”. Our Company is required to: (i) prepare its financial statements in accordance with Ind AS for periods beginning on or after April 1, 2018, and (ii) for the purposes of disclosure in this Draft Shelf Prospectus, prepare and present our financial statements for the latest Fiscals (in this case, for Fiscal 2019) under Ind AS, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India and the Debt Regulations and present our financial statements for the earlier four Fiscals (in this case, Fiscals 2018, 2017, 2016 and 2015) in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India and the Debt Regulations. Accordingly, our financial statements for Fiscals 2019 may not be comparable to our historical financial statements. Please see the risk factor on the requirement to prepare our Company’s financial statements with effect from April 1, 2018 under Ind AS in the section titled “*Risk Factors*” on page 32 of this Draft Shelf Prospectus.

Unless stated otherwise, the financial data used in this Draft Shelf Prospectus is derived from (i) our Company’s Reformatted Financial Statements as at and for the years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act and other applicable statutory and/ or regulatory requirements, and (ii) our Company’s Audited Ind AS Financial Statements as at and for the year ended March 31, 2019 prepared in accordance with Ind AS, Companies Act and other applicable statutory and / or regulatory requirements.

The Reformatted Financial Statements and Audited Ind AS Financial Statements, and the respective examination reports on the Reformatted Standalone Financial Statements and Reformatted Consolidated Financial Statements and the respective audit reports on the Audited Ind AS Standalone Financial Statements and Audited Ind AS Consolidated Financial Statements, as issued by our Company’s Joint Statutory Auditors, M/s Pijush Gupta & Co. and M/s Haribhakti & Co. LLP, are included in this Draft Shelf Prospectus in the section titled “*Financial Information*” beginning at page 142 of this Draft Shelf Prospectus.

The Audited Ind AS Financial Statements as at and for the year ended March 31, 2019, included in this Draft Shelf Prospectus, contain financial information as at and for the financial year ended March 31, 2018, solely for the purposes of compliance with the requirements of presentation of financial statements in accordance with applicable laws and accounting standards. In order to review the financial performance and results of operations of the Company as at and for the year ended March 31, 2018, the investors should rely on the Reformatted Financial Statements, which are derived from financial statements prepared as per Indian GAAP and reformatted in accordance with applicable standards and guidance notes specified by the Institute of Chartered Accountants of India and the Debt Regulations, specifically disclosed in the chapter titled “*Financial Statements*” beginning on page 142 of this Draft Shelf Prospectus.

Industry and Market Data

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Shelf Prospectus has been obtained from the ICRA Reports prepared by ICRA and the India Ratings Report prepared by India Ratings and from publicly available data prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although the Issuer believes that the industry and market data used in this Draft Shelf Prospectus is reliable, it has not been independently verified by us or any independent sources. Further, the extent to which the industry and market data presented in this Draft Shelf Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

SECTION II RISK FACTORS

An investment in NCDs involves a certain degree of risk. Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Draft Shelf Prospectus before making any investment decision relating to the NCDs. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition, result of operation and cash flows could suffer, the trading price of the NCDs could decline and you may lose your all or part of your interest and / or redemption amounts. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with the chapter “Our Business” on page 102 of this Draft Shelf Prospectus. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

This Draft Shelf Prospectus contains forward looking statements that involve risk and uncertainties. Our Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of several factors, including the considerations described below and elsewhere in this Draft Shelf Prospectus. Unless the context otherwise requires, the financial information used in this section is derived from and should be read in conjunction with the Reformatted Standalone Financial Statements and the Audited Ind AS Standalone Financial Statement of our Company. For further information, please see “Forward Looking Statements” on page 12 of this Draft Shelf Prospectus.

Investors are advised to read the following risk factors carefully before making an investment in the NCDs offered in this Issue. You must rely on your own examination of our Company and this Issue, including the risks and uncertainties involved.

Unless context otherwise requires, the financial information included herein for the Fiscals 2018, 2017, 2016 and 2015 is derived from the Reformatted Standalone Financial Statements included in this Draft Shelf Prospectus and the financial information included herein for Fiscal 2019 is derived from the Audited Ind AS Standalone Financial Statement, included in this Draft Shelf Prospectus.

Considerations relating to our Company and its Business

1. *Instability of global and Indian economies and banking sectors could affect the liquidity of our Company, which could have a material adverse effect on our Company’s financial condition.*

The credit markets in India have faced significant volatility, dislocation and liquidity constraints since mid-last year. The instability in the Indian credit markets has in the past resulted from significant write downs of asset value of financial institutions including banks (primarily in the public sector), housing finance companies and non-banking financial companies.

2. *Our financial performance is highly sensitive to interest rate volatility and our lending and treasury operations may be impacted by any volatility in such interest rates, which could cause our net interest income and margins to decline and adversely affect our return on assets and profitability.*

Our results of operations are substantially dependent upon the level of our net interest margins. Revenue from operations is the largest component of our total income and constituted 99.98 per cent. and 98.27 per cent. of our total income (including exceptional items) on a standalone basis derived from financial statements prepared as per Indian GAAP for Fiscal 2017 and Fiscal 2018, respectively. Revenue from operations constituted 99.85 per cent. of our total income (including exceptional items) on a standalone basis derived from the financial statement prepared in accordance with Ind AS for Fiscal 2019. As of March 31, 2019, our Total Loan Assets (gross of Provisions) derived from Ind AS were Rs. 10,230,748.58 lacs. We provide loans at fixed rates of interest. Hypothecation loans refers to loans given against the hypothecation/pledging of an asset. We borrow funds on both fixed and floating rates. As of March 31, 2019, approximately 83.23 per cent. of our borrowings were at fixed rates and 16.77 per cent. of our borrowings were at floating interest rates. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates (and we typically do not have an escalation clause in our agreements), amounts and for periods which may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI,

deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a high degree of volatility in interest rates in India. Difficult conditions in the global and Indian economy can affect the availability of credit. Volatility in interest rates in our borrowing operations can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Additional risks arising from increasing interest rates, among others, include:

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

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors, which may also adversely affect our treasury operations. Difficult conditions in the global and Indian economy can affect the availability of credit. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in market value of our securities portfolio and other fixed income securities. We cannot assure that we will enter into any interest rate hedging instruments to adequately hedge against interest rate volatility in the future.

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

As an asset finance company, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. As of March 31, 2019, 87.18 per cent. of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 12.82 per cent. consisted of funds raised through retail borrowings. Our funding requirements are predominantly met through term loans from banks (including cash credit and external commercial borrowings), the issue of redeemable non-convertible debentures and deposits (including public and corporate deposits), which constituted 38.42 per cent., 28.83 per cent. and 11.73 per cent. of our total borrowings, respectively, as of March 31, 2019. Our credit providers include nationalised banks, private Indian banks, foreign institutional investors and foreign banks and we also rely on domestic retail investors. Our business, therefore, depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the economic and regulatory environment and policy initiatives in India, developments in the international markets whether affecting the Indian economy or not, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs and our current and future results of operations and financial condition. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Any such disruption in our ability to access primary funding sources at competitive costs would have a material adverse effect on our liquidity, financial condition and/or cash flows.

In the second half of FY2019, issues around debt repayments of a certain large NBFC led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This led to some tightening in liquidity available to certain NBFCs. A repeat of such an event or any similar events affecting the market sentiment surrounding the sector as a whole could affect the borrowing capability of our Company adversely.

4. *There are outstanding legal proceedings against our Company which may adversely affect our business, financial condition and results of operations.*

There are outstanding legal proceedings against our Company that are in the ordinary course of business or are incidental to our business and operations, including certain criminal proceedings, civil proceedings, tax proceedings and cases under the Negotiable Instruments Act, 1881 and certain legislation relating to "money lending" activities which, if determined against us, could have a material adverse effect on our goodwill, financial

condition, results of operations and cash flows. These proceedings are pending at different levels of adjudication before various courts and tribunals, primarily relating to civil suits and tax disputes.

The Company has filed an appeal before the Supreme Court of India in connection with a writ petition filed by our Company challenging the action of the Commissioner of Commercial Taxes, Kerala, directing our Company to register under the provisions of the Kerala Money Lenders Act, 1958. Further, our Company has filed a writ petition against the State of Karnataka before the High Court of Karnataka, *inter alia*, seeking a declaration that the provisions of the Karnataka Money Lenders Act, 1961, and the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 do not apply to our Company. In the event of any adverse ruling, our Company may be required to register as a money lending entity and will be required to comply with the provisions of such legislation within the relevant States and similar regulatory authorities in other States in India where we currently carry on business or propose to carry on business in the future, including imposition of caps on the interest rates which can be charged by our Company. If we are required to comply with such interest rate limits or any other conditions specified under such legislation, our interest income and net interest margin may be adversely impacted as well as the conduct of our operations. For further information relating to such proceedings, see “*Outstanding Litigations and Defaults*” on page 225 of this Draft Shelf Prospectus.

Further, there can be no assurance that the pending proceedings will be decided in our favour or that penal or other action will not be taken against our Company and/or any senior management party to such proceedings and/or or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings. We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be a material and adverse impact on our reputation, business, financial condition and results of operations.

In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

5. *As on the date of filing of this Draft Shelf Prospectus, certain lender consents due to be received have not yet been received.*

We have sought permission from certain of our lenders for the issuance of the Debentures and creation of security in connection therewith in terms of the Draft Shelf Prospectus by way of letters individually addressed to the banks / financial institutions from whom we require such consent. However, as on the date of this Draft Shelf Prospectus, we have not yet received the consent from all the banks / financial institutions from whom such consent has been sought. While the Company is following up with the said banks / financial institutions and will try to ensure that such consents are obtained prior to filing the Shelf Prospectus, there can be no assurance that such consents will be obtained within such time or at all. In the event that the consents are not obtained, it may impact the ability of the Company to proceed with the Issue.

6. *If we are unable to manage the level of non-performing assets (NPAs)/ Stage 3 assets in our loan portfolio, our financial position, results of operations and cash flows may suffer.*

In the past, we have seen increasing levels of non-performing assets (“NPAs”) and stage 3 assets in our loan portfolio. Gross NPAs as per IGAAP have increased from Rs. 387,023.84 lacs as of March 31, 2016 to Rs. 540,843.58 lacs as of March 31, 2017 on a standalone basis. Gross NPAs as per IGAAP have increased from Rs. 540,843.58 lacs as of March 31, 2017 to Rs. 737,639.32 lacs as of March 31, 2018 on a standalone basis. Our Net NPAs derived from IGAAP financial statements have increased from Rs. 114,369.70 lacs as of March 31, 2016, to Rs. 165,899.15 lacs as of March 31, 2017 and our Net NPAs as per IGAAP have increased from Rs. 165,899.15 lacs as of March 31, 2017, to Rs. 213,114.75 lacs as of March 31, 2018 on a standalone basis. Our Gross NPAs as a percentage of Total Loan Assets as per IGAAP were 6.19 per cent., 8.17 per cent. and 9.16 per cent. as of March 31, 2016, March 31, 2017 and March 31, 2018, respectively on a standalone basis, while our Net NPAs as a percentage of our Net Loan Assets were 1.91 per cent., 2.66 per cent. and 2.83 per cent. as of March 31, 2016, March 31, 2017 and March 31, 2018 respectively on a standalone basis. Our Stage 3 Assets as per Ind AS as on March 31, 2019 was Rs. 861,626.74 lacs and our Stage 3 Assets net of Stage 3 Provision as per Ind AS as on March 31, 2019 were Rs. 564,653.24 lacs, on a standalone basis. Our Stage 3 Assets as a percentage of Total Loan

Assets as per Ind AS was 8.42 per cent. and our Stage 3 Assets net of Stage 3 Provision as a percentage of Net Loan Assets derived from Ind AS financial statements were 5.68 per cent, on a standalone basis.

We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs, or otherwise adequately control our level of NPAs in the future. RBI regulations issued in 2014 had mandated a shorter time period for classifying assets as NPAs so as to ensure that there is no difference between banks and NBFCs in relation to the classification of NPAs. Pursuant to these RBI regulations, we decreased the time period for classifying our assets as NPAs from 180 days to 150 days in March 2016 and decreased the time period further to 120 days in March 2017 and to 90 days in March 2018. As a consequence, there has been an increase in our Gross NPAs, and we have lost the regulatory arbitrage we enjoyed compared to banks in relation to classification of assets as NPAs.

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

If we are not able to control or reduce our level of NPAs/Stage 3 Assets, the overall quality of our loan portfolio may deteriorate, and our results of operations and/or cash flows may be adversely affected. Furthermore, although we believe our current provisioning for NPAs/Stage 3 Assets is comparable with the industry standards, in future our provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or Stage 3 Provision coverage as a percentage of Stage 3 Assets or otherwise, or that the percentage of NPAs/Stage 3 Assets that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any deterioration in our NPA/impaired portfolio, there could be an even greater adverse impact on our results of operations and/or cash flows.

The RBI regulates some aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans as a result of these guidelines or otherwise could affect our collections and ability to foreclose on existing NPAs.

The RBI's Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, prescribe the provisions required in respect of our outstanding loan portfolio, which was followed till March 31, 2018. However, under Ind AS, the provisioning with respect to our outstanding loan portfolio is required to be calculated as per the expected credit loss (ECL) method and such provisioning has been done from April 1, 2018.

As of March 31, 2017 and March 31, 2018, our NPA provisioning coverage ratios were 69.33% and 71.11% respectively, on a standalone basis. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our NPAs. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience. As of March 31, 2019, our Stage 3 Provision coverage was 34.47% as per Ind AS.

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

As we focus on providing financing for pre-owned and new commercial vehicles, our asset and NPA portfolios have, and will likely continue in the future to have, a high concentration of pre-owned and new commercial vehicle financing arrangements. As of March 31, 2019, our product portfolio for commercial vehicle financing comprised 83.30 per cent. pre-owned, 11.10 per cent. new commercial vehicles and 5.60 per cent. other loans. Moreover, our customer base has, and will likely continue in the future to have, a high concentration of first time buyers ("FTBs") and small road transport operators ("SRTOs").

Our business is, therefore, entirely dependent on various factors that impact this customer segment such as the demand for transportation services in India, changes in Indian regulations and policies affecting pre-owned commercial vehicles, natural disasters and calamities, and the macroeconomic environment in India and globally. In addition, individual borrowers, FTBs and SRTOs are generally less financially resilient than larger corporate borrowers or fleet owners, and as a result, can be more adversely affected by declining economic conditions. Such factors may result in a decline in the sales or value of new and pre-owned commercial vehicles. Therefore, the

demand for finance for pre-owned and new commercial vehicles may decline, which in turn may adversely affect our financial condition, the results of our operations and/or cash flows. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the aforesaid factors.

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

8. *Our business is cyclical in nature. High levels of customer defaults could adversely affect our business, financial condition, results of operations and/or cash flows.*

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

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

Failure to continuously monitor the loan contracts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations, financial condition and/or cash flows.

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

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

provided loans. Further if we are unable to sell any repossessed vehicles provided as security for such loans at commercially favourable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed vehicles and our operations, cash flows and profitability could be adversely affected.

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

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

11. *We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share. Further, our growth depends on our ability to compete effectively in this competitive environment.*

The financial services market is being served by a range of financial entities, including traditional banking institutions, public sector banks, NBFCs and small finance banks. Our competitors may have greater financial resources, may be larger in terms of business volume and customer base, have greater brand recognition among customers, better institutional distribution platforms and may have lower cost of funds compared to us. Moreover, as interest rate is a key factor driving a customers' decision in selecting a financier, competitors may offer loans at lower rates, owing to access to lower cost of capital, to retain market share. This competition is likely to further intensify as more and more international and domestic players enter into Indian financial services industry as a result of regulatory changes. Our future success will depend, to a large extent, on our ability to respond in a timely and effective manner to these competitive pressures. There can be no assurance that we will be able to compete successfully with such competitors and gain market share.

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

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

Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same vehicle and unauthorized collection of instalments on behalf of our Company. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered, and others successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct.

13. *Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire. If we are not in compliance with the covenants contained in such financial arrangements, including obtaining the relevant consents from our lenders for the Issue, our lenders could accelerate their respective repayment schedules, and enforce their respective security interests, which would lead to an adverse effect on our business, results of operations and financial condition.*

As of March 31, 2019, we had outstanding secured debt as per Ind AS of Rs. 6,742,242.20 lacs and unsecured debt as per Ind AS of Rs. 2,049,197.47 lacs, on a standalone basis. As of March 31, 2018, we had outstanding secured debt (gross of unamortised discount of Rs. 118.20 lacs) of Rs. 4,615,452.30 lacs and unsecured debt (gross of unamortised discount of Rs. 6,280.29 lacs) of Rs. 1,722,862.12 lacs, on a standalone basis. We will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our immovable, movable and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates;
- there could be a material adverse effect on our business, financial condition, results of operations and/or cash flows if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge; and raising funds by way of any fresh capital issue. Our financing agreements also typically contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios, debt-to-net worth ratios, or Tier I to Tier II capital ratios that may be higher than statutory or regulatory requirements. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

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

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

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

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

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

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

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

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

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

In recent years, we have experienced substantial growth. Our growth strategy includes growing our branch network and presence in rural centres which may be hit by challenges localized to such centres, including any political instability, terrorism or military conflict in these regions, occurrence of natural or man-made disasters, infectious disease outbreaks or other serious public health concerns, dependence on adequate monsoon and lower employment opportunities compared to urban areas. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our branch network and presence too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

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

17. *We may not be able to successfully consolidate and expand our product portfolio.*

We intend to consolidate and expand our product portfolio as part of our growth strategy. As of March 31, 2019, our assets under our management product portfolio comprised heavy commercial vehicles, light commercial vehicles, passenger vehicles, tractors, business loans and other loans, which constituted 46.40 per cent., 21.98 per cent., 22.51 per cent., 3.52 per cent., 2.84 per cent. and 2.75 per cent., respectively, of our total Assets Under Management derived from Ind AS, on a standalone basis.

We cannot assure that such diversification or expansion of operations will in future yield and/or continue to yield favourable or expected results, as our overall profitability and success will be subject to various factors, including, among others, our ability to obtain necessary statutory and/or regulatory approvals and licences, our ability to effectively recruit, retain and motivate appropriate managerial talent and ability to compete with banks and other NBFCs that are already well established in this market segment, as well as our ability to effectively absorb additional infrastructure costs.

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

The RBI currently mandates commercial banks operating in India, including foreign banks with more than 20 branches in India to maintain an aggregate 40 per cent. of adjusted net bank credit or a credit equivalent amount of off-balance-sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises (including SRTOs, which constitute the largest proportion of our loan portfolio), micro enterprises within the micro and small enterprises sector, export credit, and advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions such as us that are better positioned to or exclusively focus on originating such assets through on-lending or purchase of assets or securitised and assigned pools to comply with these targets.

In the event that any part of our loan portfolio is no longer classified as a priority sector advance by the RBI, or if the laws relating to priority sector lending as applicable to the banks undergo a change, our ability to securitise our asset pool will be hampered, which may adversely affect our financial condition, results of operations and/or cash flows. While scheduled commercial banks may still choose to lend to NBFCs they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation.

As a result of these developments, our access to funds and the cost of our capital may be adversely affected and to the extent we are unable to secure replacement funding at similar cost or at all, our results of operations could be adversely affected.

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

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

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

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

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position and ability to meet our obligations. In relation to our subordinate debt programme, as of March 31, 2019, we have ratings of “CARE AA+/Stable” from CARE, “IND AA+/Stable Outlook” from India Ratings and “CRISIL AA+/Stable” from CRISIL. In relation to fixed deposits, we currently have ratings of “CRISIL FAAA/Stable” from CRISIL and

“MAA+ with Stable” from ICRA. In relation to our short-term debt instruments, we have also received short term ratings of “CRISIL A1+” from CRISIL, “IND A1+” from India Ratings and “CARE A1+” from CARE, B from Standard & Poor’s Ratings, and B from Fitch Ratings and for our long-term debt instruments, we have received long-term ratings of “CARE AA+/Stable” from CARE, “IND AA+/Stable Outlook” from India Ratings, “CRISIL AA+/Stable” and “CRISIL PP-MLD AA+/r/Stable” from CRISIL, “BB+/Stable” from Standard & Poor’s Ratings, “BB+/Stable Outlook” from Fitch Ratings for U.S. Dollar Senior Secured Notes, and “BB+” from Standard & Poor’s and “BB+” from Fitch Ratings for offshore Rupee Denominated Bonds. In relation to bank loans, we currently have long-term rating of “CRISIL AA+/Stable” and short-term rating of “CRISIL A1+”. Our credit rating by credit rating agencies indicates a high degree of safety regarding the timely servicing of financial obligations and carrying very low credit risk.

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

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

Our revenue sharing arrangements with private financiers involved in commercial vehicle financing across India is an integral part of our growth strategy. We enter into strategic agreements with private financiers ranging from individual financiers and small local private financiers, including other NBFCs, to capitalise on their local knowledge, infrastructure and personnel base of our partners in order to source new customers. The revenue-sharing arrangements are at pre-determined amounts. For further information on our revenue sharing arrangements, see “Our Business - Our Company’s Operations - Customer Origination - Revenue Sharing Agreements with Private Financiers” on page 111 of this Draft Shelf Prospectus.

There can be no assurance that the other party will comply with the procedural and other conditions specified by us in connection with our arrangements with them in the context of customer origination, the credit appraisal process, loan administration and monitoring and any loan recovery processes, or that our partners will not act in any manner that could adversely affect our reputation, brand, customer relationships or business interests. For example, we have in the past experienced certain instances of fraud by some parties. There can also be no assurance that we will be able to leverage and benefit from these arrangements to effectively source a sufficient volume of new customers and business commensurate to the revenue-sharing and other incentives provided to our partners under our arrangements with them. Further, our financiers or the personnel they employ may be engaged in unethical or unlawful behaviour or they may misrepresent or mis-sell our products and services. Due to this, we may also suffer from reputational and legal risks and these actions may materially and adversely affect our business, financial condition and results of operations.

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

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

All deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, of not less than 15 per cent. of its aggregate risk-weighted assets on balance sheet and risk-adjusted value of off-balance sheet items. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 20.27 per cent. as of March 31, 2019 with Tier I capital comprising 15.62 per cent. If we continue to grow

our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. Any difficulty in accessing funds required for Tier I and Tier II capital, including accessing capital markets could result in decline of our capital adequacy ratio. Further any regulatory change to the capital adequacy ratio requirements shall also have an adverse effect on our growth as we may have to raise further capital to maintain the required capital adequacy ratio. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all, and this may adversely affect the growth of our business.

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

As part of our means of raising and/or managing our funds, we assign or securitise a substantial portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitisation transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In Fiscals 2018 and 2019, our securitised and assigned assets at book value was Rs. 1,246,716.07 lacs and Rs. 1,512,305.83 lacs, respectively. Any change in statutory and/or regulatory requirements in relation to assignments or securitisations by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment or securitisation transactions. The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- prohibition on carrying out securitization/ assignment transactions at rates lower than the prescribed base rate of the bank;
- prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;
- minimum holding period or ‘seasoning’ and minimum retention requirements of assignment and securitization loans; and
- securitization/ assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

Any adverse changes in the policy and/or regulations in connection with securitisation of assets by NBFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting NBFCs or the purchasers of assets, would affect the securitisation market in general and our ability to securitise and/or assign our assets.

The aggregate credit enhancement amounts outstanding as of March 31, 2018 and March 31, 2019 was Rs. 337,848.01 lacs and Rs. 361,950.45 lacs, respectively. For such transactions, in the event that a relevant bank or institution does not realise the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement, which could have a material adverse effect on our results of operations, financial condition and/or cash flows.

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

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

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

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

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the geographical areas in which we are located.

25. Some of our Directors may have interests in entities, which are in businesses similar to ours and this may result in conflicts of interest with us.

As on the date of this Draft Shelf Prospectus, some of our Directors are also directors on the board of our related parties. Commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Such factors may have an adverse effect on the results of our operations and financial condition.

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

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

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

We may face potential liquidity risks due to varying periods over which our assets and liabilities mature. Based on the structural liquidity position of our Company as on March 31, 2019 as per the RBI norms, our Company has positive asset liability mismatch of Rs. 382,606 lacs over a period of six months till September 30, 2019 based on our submission dated June 17, 2019 to RBI. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short-term loans and commercial paper, for further details with respect to our asset liability management function, please see “Our Business- Liquidity Risk” on page 121 of this Draft Shelf Prospectus. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations, financial performance and/or cash flows. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing debt or to fund our other liquidity needs. Further, changes in economic, regulatory and financial conditions or lack of liquidity in the market due to internal as well as external factors could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

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

As of March 31, 2019, we had certain contingent liabilities not provided for, which included a contingent liability as per Indian Accounting Standard 37 in respect of income tax demands where the Company has filed an appeal before various authorities of Rs. 7,869.94 lacs, VAT demand where the Company has filed an appeal before various appellate courts aggregating Rs. 12,430.40 lacs, a service tax demand for Rs. 19,831.14 lacs and guarantees and counter guarantees given aggregating Rs. 100,019.24 lacs on a standalone basis. In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected. Further, in the event there is a change in any statutory/ regulatory requirement with respect to contingent liabilities, our Company

may be required to make additional provisions to meet the revised criteria which may have an adverse effect on our financial condition and profitability.

29. *The trademark/service mark and logo in connection with the “Shriram” brand which we use is licensed to us and consequently, any termination or non-renewal of such license may adversely affect our goodwill, operations and profitability. Further, our current logo which we are using for our corporate publicity campaigns and as included in this Draft Shelf Prospectus is not registered. Our inability to register such logo and/or to adequately protect the same may adversely affect our goodwill, operations and profitability.*

Pursuant to a license agreement dated November 21, 2014 between our Company and Shriram Ownership Trust (“SOT”), as amended in terms of agreement dated March 18, 2016 and novated in terms of the deed of novation cum amendment dated May 17, 2019 entered into between our Company, SOT and Shriram Value Services Limited (“SVS”), we are entitled to use the brand name “Shriram” and the associated mark. In this regard, our Company has to currently pay royalty to SOT until September 30, 2019 and thereafter to SVS (since SOT had gifted all its intellectual property in the brand name “Shriram” and its associated marks to SVS, the royalty for the same commencing from September 30, 2019 is payable to SVS) on the gross turnover of our Company. Along with the royalty, our Company also is required to pay to SOT (until September 30, 2019) and SVS (commencing from September 30, 2019) amounts by way of reimbursement of actual expenses incurred by SOT / SVS in respect of protection and defence of the copyright. The license agreement is valid until September 30, 2024, after which the agreement will be automatically renewed for a further period of five years on the same terms, unless otherwise decided by both parties or upon occurrence of a breach by either party of the material terms of the license arrangement. The agreement is not terminable unless mutually agreed by both parties.

In the event such license agreement is terminated or is not renewed or extended in the future, we may not be entitled to use the brand name “*Shriram*” and the associated mark in connection with our business operations. Consequently, we will not be able to derive the goodwill that we have been enjoying under the “*Shriram*” brand. Further, if the commercial terms and conditions including the consideration payable pursuant to the said agreement are revised unfavourably, our Company may be required to allocate larger portions of its profits and/or revenues towards such consideration, which would adversely affect our profitability.

Further, our current logo which we are using for our corporate publicity campaigns and as included in this Draft Shelf Prospectus is not registered and we have not applied for registration of the same with the relevant trademark authorities. Our inability to register such logo and/or to adequately protect the same may adversely affect our goodwill, operations and profitability.

We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. If the license and user agreement is not renewed or terminated, we may need to change our name, trade mark/service mark or the logo. Any such change could require us to incur additional costs and may adversely impact our goodwill, business prospects and results of operations.

30. *Any adverse impact on the ‘Shriram’ brand may have an impact on the benefits accruing to us from the use of the brand resulting in an adverse impact on our business and results of operations*

We benefit from our relationship with ‘Shriram’ group in many ways, such as reputation and experience. We believe that ‘Shriram’ brand is perceived to be that of a trusted provider of quality products and services. Our growth and future success are influenced, in part, by our continued relationship with the ‘Shriram’ group. If we cease to benefit from these relationships for any reason, our business and growth prospects may decline, and our business and results of operations may be adversely affected.

We cannot assure you that the established ‘Shriram’ brand name will not be adversely affected in the future by events such as actions that are beyond our control, including customer complaints and dissatisfaction or adverse publicity from any other source. Negative public opinion about the financial services industry generally or about the ‘Shriram’ brand name, if not immediately and sufficiently remedied, can have an adverse effect on our business and results of operations.

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

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

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

32. *Our Promoter, Shriram Capital Limited (SCL or the Promoter), beneficially owns 26.23 per cent. of our equity share capital and accordingly has the ability to exercise significant influence over the outcome of matters submitted to shareholders for approval, and their interests may differ from those of other holders of the NCDs.*

As of the date of this Draft Shelf Prospectus, our Promoter beneficially owned 26.23 per cent. of our equity share capital. Accordingly, our Promoter has the ability to significantly influence the outcome of matters submitted to shareholders for approving the timing and distribution of dividends and the election or termination of appointment of directors. This could delay, defer or prevent or impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as our Promoter continues to exercise significant influence over our Company, it may influence the material policies of our Company in a manner that could conflict with the interests of the security holders. The Promoter may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

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

We have entered into transactions with related parties, within the meaning of Accounting Standard 18 under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 (for the period prior to April 1, 2018) and Indian Accounting Standard 24 as notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended (for the period beginning on and from April 1, 2018). These transactions include a license fee paid to Shriram Ownership Trust ("**SOT**") pursuant to the License Agreement (*as further described on page 127 of this Draft Shelf Prospectus*). Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

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

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, sale or dispose of any unit(s), division(s) or subsidiary, enter into strategic alliances and joint ventures and make investments/disinvestments to further our business or any other restructuring. In order to pursue this strategy successfully, we must identify suitable candidates for successfully completing such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. We may not fully realise all of the anticipated benefits of any such transaction within the anticipated timeframe or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations, and may result in significant costs and expenses and charges to earnings. The challenges involved in integration include:

- combining product offerings and entering into new markets in which we are not experienced;

- consolidating and maintaining relationships with customers;
- consolidating and rationalising transaction processes and corporate and information technology infrastructure;
- integrating employees and managing employee issues;
- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from infrastructure integration; and
- managing other business, infrastructure and operational integration issues.

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

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

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

Currently, most of the properties used by our Company for the purposes of our business activities, including the premises where the registered office of our Company is located, are not owned by us. Termination of leases or other relevant agreements in connection with such properties which are not owned by us or our failure to renew the same, on favourable conditions, in a timely manner, or at all, could require us to vacate such premises at short notice, and could adversely affect our operations, financial condition and profitability.

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

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

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

As of March 31, 2019, we employed 26,630 full-time employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

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

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

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

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

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

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. We are subject to the RBI's Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time. For details of our capital adequacy requirements, see "*Our Business – Capital Adequacy*" on page 119 of this Draft Shelf Prospectus.

The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, securitisation, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement authorities. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect our business and our financial performance.

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

Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings. For further information on laws and regulations applicable to us, see "*Regulations and Policies*" on page 242 of this Draft Shelf Prospectus.

41. As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions.

As an NBFC, we are subject to periodic inspection by the RBI under section 45N of the RBI Act, pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying compliance with applicable regulations, the correctness or completeness of any statement, information or particulars furnished to the RBI. RBI in the past issued observations pursuant to such periodic inspection and our Company had given clarifications in this regard. While we have responded to such observations and addressed them, we cannot assure you that the RBI will not make similar or other observations in the future. In the event we are unable to resolve the issues to the RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

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

The operations, profitability and cash flows could be adversely affected by any unfavourable changes in central and state-level statutory and/or regulatory requirements in connection with direct and indirect taxes and duties, including income tax, goods and service tax and/or by any unfavourable interpretation taken by the relevant taxation authorities and/or courts and tribunals.

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

The GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise, collected by the central and state governments. The GST has increased administrative compliance for the Companies which is a consequence of increased registration and form filing requirements.

As regards to GAAR, the provisions were introduced in the Finance Act 2012 and will apply (as per the Finance Act 2015) in respect of an assessment year beginning on April 1, 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Finance Act, 2012 as any arrangement, the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty.

As the taxation system is intended to undergo a significant overhaul, the Company is still in the process of evaluating and responding to the consequential effects on us and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the NCDs.

43. We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for the financial year 2019 may not be comparable to our historical financial statements.

Our Company's financial statements for the Fiscals ended March 31, 2018, 2017 and 2016 have been prepared in accordance with Indian GAAP. In January 2016, the Ministry of Corporate Affairs laid out a road map for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs. NBFCs are required to prepare Ind AS based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of Rs. 500 crores or more, including our Company, and their holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. Under Phase II, NBFCs whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and have a net worth less than Rs. 500 crores, NBFCs that

are not listed and have a net worth of more than Rs. 250 crores but less than Rs. 500 crores, and their respective holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending March 31, 2019 or thereafter. NBFCs that have a net worth below Rs. 250 crores shall continue to apply Accounting Standards specified in Annexure to the Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standards) (Amendment) Rules, 2016. Accordingly, we have adopted Ind AS notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition was April 1, 2017. The impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in the standalone financial statements of the Company for the year ended March 31, 2018, have been restated/reclassified. Therefore, our standalone financial statements for the year ended March 31, 2019 are prepared in accordance with Ind AS and are not comparable to our historical financial statements. There are significant differences between RBI regulations and Ind AS and the RBI has not issued any clarifications with respect to these differences. From April 1, 2018, the Company has computed key parameters including capital adequacy ratio, risk weighted assets, net owned fund, gross NPA, provision for non-performing assets derived from the financial statement prepared in accordance with Ind AS. These computations may undergo changes if the RBI issues any guidelines for such computations with retrospective effect.

Please refer to section titled “*Summary of key differences between Indian GAAP and Ind AS*” on page 179 of this Draft Shelf Prospectus for further information.

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

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

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

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

We have a significant presence in south and west India. As of March 31, 2019, our Assets Under Management in south and west India comprised 46.08 per cent. and 21.04 per cent. of our total Assets Under Management under Ind AS, respectively, on a standalone basis. Our concentration in the southern and western states exposes us to any adverse geological, ecological, economic and/or political circumstances in that region. If there is a sustained downturn in the economy of south India or west India, or a sustained change in consumer preferences in those regions, our financial position may be adversely affected.

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

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

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

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India. In the course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers, despite putting in place systems and controls to prevent the occurrence of these risks. In certain of our activities and in our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and

appropriateness, despite having a Board-approved customer suitability policy and associated processes in place. Such incidents may adversely affect our business and our reputation. Although our Company believes that it has adequate internal policies, processes and controls in place to prevent and detect any activity that would fall foul of AML provisions and to ensure KYC compliance, there can be no assurance that our Company will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report.

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

Our Company provides loans to pre-owned and new commercial vehicle owners and/or operators in suburban and rural areas in India. We have been increasingly facing competition from banks and NBFCs operating in the commercial vehicle finance segment of the industry. Some of our competitors are very aggressive in pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

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

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

50. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to developing our risk management policies and procedures and expect to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risk are based upon the use of observed historical market. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than indicated by the historical measures. As we seek to expand the scope of our operations, we also face the risk of inability to develop risk management policies and procedures that are properly designed for those new business areas in a timely manner. Implementation and monitoring may prove particularly challenging with respect to businesses that we have recently initiated. Inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

51. We have not independently verified certain industry data in this Draft Shelf Prospectus.

We and the Lead Managers have not independently verified the data from industry publications contained herein including the ICRA Report and the India Ratings Report and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Unless stated otherwise, macroeconomic and industry data used throughout this Draft Shelf Prospectus has been obtained from the ICRA Reports prepared by ICRA, the India Ratings Report prepared by India Ratings and from publicly available data prepared by providers of industry information, government sources and multilateral institutions. Therefore, matters relating to India, the Indian economy, as well as NBFCs, the automobile industry, that are included herein are subject to the caveat that the statistical and other data upon which it is based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be

comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

External Risks

52. Our business is primarily dependent on the automobile and transportation industry in India.

Our business, to a large extent, depends on the continued growth in the automobile and transportation industry in India, which is influenced by a number of extraneous factors which are beyond our control, inter-alia including (a) the macroeconomic environment in India, (b) the demand for transportation services, (c) natural disasters and calamities, and (d) changes in regulations and policies in connection with motor vehicles. Such factors may result in a decline in the sales or value of new and pre-owned CVs. Correspondingly, the demand for availing finance for new and pre-owned commercial vehicles may decline, which in turn may adversely affect our financial condition and the results of our operations. Further, the ability of CV owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the aforesaid factors.

53. Changes in environmental or other laws may lead to a decline in the sale of vehicles, which could adversely affect our business, results of operations and prospects.

Our Company is engaged in vehicle financing across various states in India. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of a particular segment of vehicles or impose additional taxes on any particular segment of vehicles, could lead to a decline in the sales of such vehicles. For example, the Supreme Court of India imposed a ban on the sale of vehicles not complying with Bharat Emission Standards IV. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

54. Any slowdown in economic growth in India may adversely affect our business, results of operations and financial condition.

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. All our assets and employees are located in India, and we intend to continue to develop and expand reach in all parts of the country depending upon the business opportunities.

Our performance and the growth of our business depends on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely affect our business, results of operations and financial condition.

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

Our Company provides loans to pre-owned and new CV owners and/or operators in suburban and rural areas in India. We have been increasingly facing competition from banks and NBFCs operating in the CV finance segment of the industry. Some of our competitors are very aggressive in pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

While our Company believes that it has historically been able to offer competitive interest rates on the loans extended to our customers, there can be no assurance that our Company will be able to continue to do so in the future. An increase in competition from our peer group may result in a decline in our market share, which may in turn result in reduced incomes from our operations and may adversely affect our profitability.

56. *Civil unrest, acts of violence, including terrorism or war involving India and other countries, could materially and adversely affect the financial markets and our business.*

Civil unrest, acts of violence, including terrorism or war, may negatively affect the Indian stock markets and also materially and adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately materially and adversely affect our business. Although the governments of India and neighboring countries have recently been engaged in conciliatory efforts, any deterioration in relations between India and neighboring countries might result in investor concern about stability in the region, which could materially and adversely affect our business, results of operations and financial condition.

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

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

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

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

59. *Financial difficulty and other problems in certain financial institutions in India could adversely affect our business, results of operations and financial condition.*

As an NBFC, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as banks with whom we interact. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business, results of operations and financial condition. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies.

60. *Any downgrading of India's debt rating by an international rating agency could adversely affect our business, results of operations and financial condition.*

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

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

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

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

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

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, may range up to 34.944 per cent. The central or state government may in the future further increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

63. Trade deficits could adversely affect our business.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. Between April 1, 2018 and September 30, 2018, India experienced a trade deficit of US\$ 95.8 billion, reported by the RBI in its press release on "Developments in India's Balance of Payments" dated December 7, 2018, which was an increase from the trade deficit of US\$ 74.8 billion for the same period in 2017. If trade deficits increase or are no longer manageable, the Indian economy, and therefore our business and our financial performance, could be adversely affected.

64. Political instability, natural disasters and other disruptions could adversely affect the Indian economy and could adversely affect our business, results of operations and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of political instability, natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labor unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operations and financial condition.

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

Our Company's business and operations are governed by various laws and regulations. Our Company's business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to the business. The Government or state governments could implement new regulations and policies, which could require our Company to obtain approvals and licences from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our Company's business, prospects, financial condition and results of operations.

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

interpretations. Further, if the interpretations of the regulators and authorities vary, our Company may be subject to penalties and our business could be adversely affected.

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

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

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

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

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

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

As an Indian company, our Company is subject to regulatory approvals and exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's financing sources and hence could constrain our Company's ability to obtain financing in a timely manner and on competitive terms and may adversely impact our Company's ability to refinance existing indebtedness. Limitations on raising foreign debt may have an adverse effect on our Company's business, financial condition and results of operations.

69. The new bankruptcy code in India may affect our Company's right to recover loans from its borrowers.

The Government introduced the Insolvency and Bankruptcy Code, 2016 (the "**Indian Bankruptcy Code**"), which was passed by both houses of Parliament and received Presidential assent in 2016. The Indian Bankruptcy Code offers a uniform, comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial service providers, including our Company). It allows creditors to assess the viability of a debtor as a business decision and agrees upon a plan for the revival or a speedy liquidation of the debtor. The Indian Bankruptcy Code has created a new institutional framework consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms that is expected to facilitate a formal and time-bound insolvency resolution and liquidation process. If the Indian Bankruptcy Code provisions are invoked against any of the corporate customers of our Company, it may affect our ability to recover amounts due under the loans made available to the said customers, during the moratorium period as part of the resolution proceedings.

70. The impact of any guidelines issued by RBI in future with respect to accounting and presentation of financial statements under Ind AS and computation of key parameters is uncertain.

Our Company's financial statements for the Fiscals ended March 31, 2018, 2017 and 2016 have been prepared in accordance with Indian GAAP. In January 2016, the Ministry of Corporate Affairs laid out a road map for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs. NBFCs are

required to prepare Ind AS based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of Rs. 5 billion or more, including our Company, and their holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter. Under Phase II, NBFCs whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and have a net worth less than Rs. 5 billion, NBFCs that are not listed and have a net worth of more than Rs. 2.5 billion but less than Rs. 5 billion, and their respective holding, subsidiary, joint venture or associate companies are required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending March 31, 2019 or thereafter. NBFCs that have a net worth below Rs. 2.5 billion shall continue to apply Accounting Standards specified in Annexure to the Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standards) (Amendment) Rules, 2016. Accordingly, we have adopted Ind AS notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition was April 1, 2017. The impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in the standalone financial statements of the Company. There are significant differences between RBI regulations and Ind AS and the RBI has not issued any clarifications with respect to these differences. From April 1, 2018, the Company has computed key parameters including capital adequacy ratio, risk weighted assets, net owned fund, gross NPA, provision for non-performing assets derived from the financial statement prepared in accordance with Ind AS. These computations may undergo changes if the RBI issues any guidelines for such computations with retrospective effect.

Risks pertaining to this Issue

71. If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Draft Shelf Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

Regulation 16 of the Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a Debenture Redemption Reserve out of the profits of the company available for payment of dividend until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014, as amended, states that the Company shall create Debenture Redemption Reserve and 'the adequacy' of DRR will be 25% of the value of the debentures outstanding as on the date, issued through public issue as per present Debt regulations. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the debentures outstanding as on the date. Further, every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen per cent., of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely: (i) in deposits with any scheduled bank, free from any charge or lien; (ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen per cent. of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to the Shelf Prospectus read with the relevant Tranche Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

72. Changes in interest rates may affect the price of our NCDs.

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk issue. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities tend to fall and when interest rates drop, the prices tend to increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

73. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.*

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure minimum 100 % asset cover for the NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

74. *There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.*

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and Allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchanges. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Shelf Prospectus read together with the relevant Tranche Prospectus.

There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

75. *Our Company may raise further borrowings and charge its assets subject to receipt of necessary consents.*

Our Company may, subject to receipt of all necessary consents, raise further borrowings and charge its assets. Our Company will decide the nature of security that may be provided for future borrowings. In the event of creation of a pari passu charge with other charge holder(s) may reduce the amounts recoverable by the NCD holders upon our Company's bankruptcy, winding-up or liquidation.

76. *Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.*

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 327 of the Companies Act, 2013 and the provisions of Insolvency and Bankruptcy Code, 2016. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

77. *You may be subject to taxes arising on the sale of the NCDs.*

Sales of NCDs by any holder may give rise to tax liability, as discussed in section titled "Statement of Tax Benefits" on page 83 of this Draft Shelf Prospectus.

78. *There may be no active market for the non-convertible debentures on the WDM segment of the stock exchange. As a result, the liquidity and market prices of the non-convertible debentures may fail to develop and may accordingly be adversely affected.*

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country; (ii) the market for listed debt securities;

(iii) general economic conditions; and (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

79. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.*

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company.

For further details, see the section titled “*Objects of the Issue*” on page 81. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

80. *There may be a delay in unblocking / making refund to Applicants.*

We cannot assure you that the monies which are to be unblocked / which are to be refunded to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the Stock Exchanges for listing of the NCDs, will be unblocked / refunded to you in a timely manner.

81. *Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.*

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time-imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

SECTION III INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as a public limited company under the provisions of the Companies Act, 1956, by a certificate of incorporation dated June 30, 1979, issued by the ROC, Chennai, Tamil Nadu. Our Company commenced its operations, pursuant to a certificate of commencement of business dated October 9, 1979. Subsequently, our Company has obtained a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007, (bearing registration no. 07-00459). Our Company is a systemically important deposit taking NBFC. Our Promoter is Shriram Capital Limited ("SCL"). For further details regarding the Promoter, please refer to "*Our Promoter*" at page 140 of this Draft Shelf Prospectus.

Registered Office

Mookambika Complex,
3rd Floor, No. 4, Lady Desika Road,
Mylapore, Chennai,
Tamil Nadu – 600004.
Tel: +91 44 2499 0356
Fax: +91 44 2499 3272
Website: www.stfc.in

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 9596/97
Email: stfcncd9tlcomp@stfc.in
Website: www.stfc.in

Registration

Corporate Identification Number: L65191TN1979PLC007874 and Registration Number 7874 issued by the Registrar of Companies, Tamil Nadu.

Permanent Account Number: AAACS7018R

Legal Entity Identifier: 335800TM2YO24B76XL26

Our Company holds a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007 (bearing registration no. 07-00459).

Chief Financial Officer

Mr. Parag Sharma
Shriram Transport Finance Company Limited
Wockhardt Towers, Level-3
West Wing, C –2, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
Tel: +91 22 40959595
Fax: +91 22 40959596/97
Email: parag@stfc.in

Compliance Officer and Company Secretary

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Mr. Vivek Madhukar Achwal
Company Secretary
Shriram Transport Finance Company Limited
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 9596/97
Email: stfcncd9comp@stfc.in

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of NCD certificates on account of rematerialisation, transfers etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch of the SCSB or the Collection Centre of the Designated Intermediary where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the online stock exchanges mechanism may be addressed directly to the respective Stock Exchanges.

Lead Managers

JM Financial Limited

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400 025
Tel: +91 22 6630 3030
Fax: 91 22 6630 3330
Email: stfc.bondissue2019@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Ms. Prachee Dhuri
Compliance Officer: Mr. Sunny Shah
SEBI Registration No.: INM000010361

A. K. Capital Services Limited

30-38, 3rd Floor, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai - 400 021, India
Tel: +91 22 6754 6500/ 6634 9300
Fax: +91 22 6610 0594
Email: stfc.ncd2019@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Mr. Krish Sanghvi/ Mr. Malay Shah
Compliance Officer: Mr. Tejas Davda
SEBI Registration No.: INM000010411

SMC Capitals Limited

A-401/402, Lotus Corporate Park, Jai Coach Junction,
Off Western Express Highway, Goregaon (East), Mumbai 400063
Tel: +91 22 66481818
Fax: +91 22 67341697
Email: stfc.ncd2019@smccapitals.com
Investor Grievance Email: investor.grievance@smccapitals.com

Website: www.smccapitals.com
Contact Person: Mr. Satish Mangutkar/Mr. Bhavin Shah
Compliance Officer: Ms. Vaishali Gupta
SEBI Registration Number: INM000011427

Debenture Trustee

Catalyst Trusteeship Limited

‘GDA House’, Plot No 85, Bhusari Colony (Right),
Kothrud, Pune – 411038
Tel: 022 4922 0543
Fax: 022 4922 0505
Email: ComplianceCTL-Mumbai@ctltrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Umesh Salvi
SEBI Registration No.: IND000000034

Catalyst Trusteeship Limited has by its letter dated June 20, 2019 given its consent for its appointment as Debenture Trustee to the Issue pursuant to regulation 4(4) of the Debt Regulations and for its name to be included in this Draft Shelf Prospectus, Shelf Prospectus, the relevant Tranche Prospectus(es) and in all the subsequent periodical communications sent to the Debenture Holders pursuant to this Issue.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture Holders. All Debenture Holders under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company pro tanto from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed, please refer to the section titled “*Issue Related Information*” on page 183 of this Draft Shelf Prospectus.

Registrar to the Issue

Integrated Registry Management Services Private Limited

2nd Floor, Kences Towers
No. 1, Ramakrishna Street
North Usman Road, T. Nagar
Chennai – 600 017
Tel: +91 44 2814 0801-03
Fax: +91 44 2814 2479
Email: stfcipo@integratedindia.in
Investor Grievance Email: sureshbabu@integratedindia.in
Website: www.integratedindia.in
Contact Person: Ms. Anusha N/ Mr. Sriram S
Compliance Officer: Mr. Suresh Babu K
SEBI Registration No: INR000000544

Integrated Registry Management Services Private Limited has by its letter dated June 25, 2019 given its consent for its appointment as Registrar to the Issue and for its name to be included in this Draft Shelf Prospectus or the Shelf Prospectus or the relevant Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Joint Statutory Auditors

Our Joint Statutory Auditors being:

Haribhakti & Co. LLP
Chartered Accountants

Pijush Gupta & Co.
Chartered Accountants

705, Leela Business Park, Andheri Kurla Road,
Andheri (E), Mumbai – 400 059
Tel: +91 22 6672 9999
Fax: +91 22 6672 9777
Email: sumant.sakhardande@haribhakti.co.in
Firm Registration No.: 103523W / W100048
Membership No.: 034828
Contact Person: Mr. Sumant Sakhardande

GF – 17, Augusta Point,
Golf Course Road, Sector – 53
Gurugram – 122 002, Haryana
Tel: +91 124 456 9416
Email: sangeeta@pijushgupta.com
Firm Registration No.: 309015E
Membership No.: 064225
Contact Person: Ms. Sangeeta Gupta

Date of appointment as Joint Statutory Auditors: June 29, 2017

The Board, on April 27, 2017, appointed Haribhakti & Co. LLP and Pijush Gupta & Co. as the Joint Statutory Auditors of the Company for a period of five financial years. This was confirmed by the shareholders of the Company on June 29, 2017.

Haribhakti & Co. LLP has by its letter dated June 29, 2019 given its consent for its name to be included in this Draft Shelf Prospectus or the Shelf Prospectus or the relevant Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Pijush Gupta & Co. has by its letter dated June 29, 2019 given its consent for its name to be included in this Draft Shelf Prospectus or the Shelf Prospectus or the relevant Tranche Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Credit Rating Agencies

CRISIL Limited

CRISIL House, Central Avenue,
Hiranandani Business Park, Powai, Mumbai – 400 076
Tel: +91 22 3342 3000 (B)
Fax: +91 22 3342 3050
Email: crisilratingdesk@crisil.com
Contact Person: Krishnan Sitaraman
Email ID: krishnan.sitaraman@crisil.com
SEBI Registration No.: IN/CRA/001/1999

India Ratings and Research Private Limited

Wockhardt Towers, 4th Floor, Bandra Kurla
Complex, Bandra East, Mumbai – 400 051
Tel: +91 22 4000 1700
Fax: +91 22 4000 1701
Email: shrikant.dev@indiaratings.co.in
Investor Grievance Email:
investor.services@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Shrikant Dev, Compliance Officer
SEBI Registration No.: IN/CRA/002/1999

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off
Eastern Express Highway, Sion (E), Mumbai – 400 022
Tel: +91 22 6754 3528
Fax: +91 22 6754 3457
Email: aditya.acharekar@careratings.com
Website: www.careratings.com
Contact Person: Aditya Acharekar
SEBI Registration No.: IN/CRA/004/1999

Credit Rating and Rationale

The NCDs proposed to be issued under this Issue have been rated ‘CARE AA+; Stable’ by CARE for an amount of up to Rs. 10,00,000 lacs vide its letter dated June 28, 2019, ‘CRISIL AA+/Stable’ by CRISIL for an amount of up to Rs. 10,00,000 lacs vide its letter dated June 26, 2019 and ‘IND AA+; Outlook Stable’ by India Ratings for an amount of up to Rs. 10,00,000 lacs vide its letter dated June 25, 2019. The rating of the NCDs by CARE, CRISIL and India Ratings indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. The ratings provided by CARE and/or CRISIL and/or India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

For the rationale for these ratings, see Annexure A, Annexure B and Annexure C of this Draft Shelf Prospectus.

Disclaimer clause of CRISIL Limited

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

Disclaimer clause of India Ratings and Research Private Limited

All credit ratings assigned by India Ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/ratings-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.

Disclaimer clause of CARE Ratings Limited

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.

Legal Advisor to the Issue**Wadia Ghandy & Co**

NM Wadia Buildings,
123, Mahatma Gandhi Road,
Mumbai, Maharashtra 400001
Tel: +91 22 22715600/ 22670669
Fax: +91 22 22676784/ 22670226/ 22610249

Banker(s) to the Issue

As specified in relevant Tranche Prospectus.

Refund Bank

As specified in relevant Tranche Prospectus.

Lead Broker(s)

As specified in relevant Tranche Prospectus.

Bankers to the Company

ABU DHABI COMMERCIAL BANK

Apeejay House, 3rd Floor,
Dinshaw Vacha Road,
Churchgate, Mumbai, India - 400 020
Tel: +91 22 3953 4117
Fax: +91 22 3953 4106
Email: kunal.mota@in.adcb.com
Website: www.adcbindia.com
Contact Person: Mr. Kunal Mota

BARCLAYS BANK PLC

801/803 Ceejay House, Shivsagar Estate, Dr. Annie
Besant Road, Worli, Mumbai- 400 018
Tel: +91 22 67196473
Fax: +91 22 6719 6767
Email: shobhit.verma@barclays.com
Contact Person: Mr. Shobhit Verma

DOHA BANK QPSC

Sakhar Bhavan, Ground Floor,
Plot No. 230, Backbay Reclamation,
Nariman Point, Mumbai – 400 021
Tel: +91 22 3394 1103
Email: sravindran@dohabank.co.in
Website: www.dohabank.co.in
Contact Person: S. Ravindra, Head-Corporate
Banking

HDFC BANK LIMITED

Unit 401 and 402, 4th Floor, Tower B, Peninsula
Business Park, Lower Parel, Mumbai 400 013
Tel: +91 22 33958116
Fax: +91 22 30788579
Email: pallavi.joshi2@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Ms. Pallavi Joshi

INDUSIND BANK LIMITED

4th Floor, Unit no 401 & 404, Wing A, Peninsula
Tower, Peninsula Corporate Park, Ganpatrao Kadam
Marg, Off Senapati Bapat Marg, Lower Parel,
Mumbai- 400 013
Tel: +91 9833821671
Email: indrajay.bhattacharya@indusind.com

AXIS BANK LIMITED

Jeevan Prakash Building, Sir P M Road, Fort,
Mumbai- 400001
Tel: +91 22 4086 7336/ 7474
Fax: +91 22 4086 7327/ 7378
Email Id: fort.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Sudhir Rajee

CITICORP FINANCE INDIA LIMITED

Treasury Operations Unit,
First International Financial Centre (FIFC),
11th Floor, Plot Nos. C-54 & C-55 G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai 400098
Tel: +91 22 6175 7242
Email: manish.ratti@citi.com
Website: www.citicorpfinance.co.in
Contact Person: Mr. Manish Ratti

FIRST RAND BANK LIMITED

5th floor, TCG Financial Centre, C-53 "G" Block
Bandra-Kurla complex, Bandra (E), Mumbai - 400
098
Tel: +91 22 6625 8624
Fax: +91 22 6625 8676
Email: ritesh.sharma@firstrand.co.in
Website: www.firstrand.co.in
Contact Person: Mr. Ritesh Sharma

IDBI BANK LIMITED

Mittal Court, 224, 'A' Wing,
2nd Floor, Nariman Point
Mumbai – 400 021
Tel: +91 22 6658 8201
Fax: +91 22 6658 8130
Email: salim.saudagar@idbi.co.in
Website: www.idbi.com
Contact Person: Salim Saudagar

KEB HANA BANK

4th Floor, Bannari Amman Tower, No. 29,
Dr. Radhakrishnan Road, Mylapore, Chennai, Tamil
Nadu, India 600 004.
Tel: +91 22 4905 6363
Fax: +91 22 4905 6300
Email: kebchennai@hanafn.com
Website: www.kebhana.com
Contact Person: Mr. Y. H. Lee

KOTAK MAHINDRA BANK LIMITED

27BKC, G block, Bandra Kurla Commercial Complex, Bandra (East) Mumbai – 400 051
Tel: +91 22 6166 0363
Fax: +91 22 6713 2416
Email: vikash.chandak@kotak.com
Website: www.kotak.com
Contact Person: Mr. Vikash Chandak

NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT

Maharashtra Regional Office
54, Wellesley Road, Shivaji Nagar, Pune -411 001, Maharashtra
Tel: + 91 20 2550 0100
Fax: +91 20 2554 2250
Email: pune@nabard.org & dor.pune@nabard.org
Website: www.nabard.org
Contact Person: R. B. D'Souza, Deputy General Manager

SHINHAN BANK

Unit no 001, Ground Floor, Peninsula Tower 1, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Tel: 022 6199 2000
Fax: 022 6199 2010
Email: credit.mum@shinhan.com
Website: http://in.shinhanglobal.com
Contact Person: Mr. Sandeep Aswale

STANDARD CHARTERED BANK

Crescenzo, 5th Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
Tel: +91 (0) 22 4265 8218,
Email: vivek.ramakrishnan@sc.com
Website: www.sc.com/in/

UCO BANK

10, B.T.M Sarani, Kolkata- 700 001
Tel.:+91 22 40549101
Fax: +91 22 40549122
Email: hosgr.calcutta@ucobank.co.in
Website: www.ucobank.com
Contact Person: Mr. B. Mondal (DGM)

YES BANK LIMITED

24th Floor, Indiabulls Finance Centre, Tower 2, Elphinstone (W), Mumbai – 400021
Tel: + 91 22 7100 9701
Fax: + 91 22 2421 4513
Email: avinash.dubey@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Avinash Dubey

MIZUHO BANK LIMITED

Level 17, Tower – A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, India
Tel: +91 22 4911 2124
Fax: +91 22 2491 6911
Email: ajit.shinde@mizuho-cb.com
Website: www.mizuhobank.com
Contact Person: Mr. Ajit Shinde, Director- Corporate & Institutional Banking (India) India Corporate Banking Department

RBL BANK LIMITED

One Indiabulls Centre, Tower 2B, 6th Floor, 841 Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013
Tel: +91 22 43020600
Fax: +91 22-43200520
Email: sumant.paul@rblbank.com
Website: www.rblbank.com
Contact Person: Mr. Sumant Paul

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA LIMITED

Swavalamban Bhavan, Plot No. C-11, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
Tel: +91 22 67221582
Email: insti_marketing@sidbi.in
Website: www.sidbi.in
Contact Person: Shri Rajesh Kumar Mishra

THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED

Nirlon House, 5th Floor, Dr. Annie Besant Road, Worli, Mumbai- 400 030
Tel: + 91 22 61727600
Fax: + 91 22 66661810
Email: customercare@zcbi.in
Website: www.zoroastrianbank.com

UNITED OVERSEAS BANK LIMITED

Mumbai branch, 3 North Avenue, Maker Maxity, Unit 31 & 37, 3rd Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051
Tel: +91 22 42472828/ 42472829
Fax: +91 22 26591022
Email: suken.shah@uobgroup.com
Website: www.uobgroup.com/in
Contact Person: Mr. Suken Shah

Self Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> and as updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Members of the Syndicates or the Trading Members of the Stock Exchanges only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of Applications from such Members of the Syndicate or the Trading Members of the Stock Exchanges is provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and as updated from time to time or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Members of the Syndicate or the Trading Members of the Stock Exchanges only in the Specified Cities, see the above-mentioned web-link.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the Debt ASBA Circular, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of NSE at https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm and as updated from time to time as updated from time to time. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the website of the BSE for RTAs and CDPs, as updated from time to time.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least Rs. 10 lacs or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than Rs. 10 lacs or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to Rs. 50 lacs or with both.

Underwriting

This Issue has not been underwritten.

Minimum Subscription

In terms of the Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) Working Days from the Issue Closing Date. In the event the Company fails to provide any instructions or information required for processing such unblocking on account which there is a delay in unblocking, the Company will become liable to make payment of interest at the rate 15 (fifteen) per cent. per annum for the delayed period on the amounts which have not been unblocked.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds please refer to the chapter titled “*Objects of the Issue*” on page 81 of this Draft Shelf Prospectus.

Issue Programme

Issue Programme*	
Issue Opens On	As specified in the relevant in the Tranche Prospectus(es)
Issue Closes On	As specified in the relevant in the Tranche Prospectus(es)

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Designated Intermediaries at the Bidding Centres, or, (ii) by the Designated Branches of the SCSBs. On the Issue Closing Date Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue.

Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or the Designated Branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company (“Board”) or the Debt Issuance Committee. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchanges.”*

SUMMARY FINANCIAL INFORMATION

The financial information for the Fiscals 2018, 2017, 2016 and 2015 set out under the following tables are derived from Reformatted Consolidated Financial Statements and the Reformatted Standalone Financial Statements and the financial information for Fiscal 2019 set out under the following tables is based on the Audited Ind AS Consolidated Financial Statements and Audited Ind AS Standalone Financial Statements. The Reformatted Consolidated Financial Statements and the Reformatted Standalone Financial Statements should be read in conjunction with the examination report thereon issued by our Joint Statutory Auditors and statement of significant accounting policies and notes to accounts on the Reformatted Consolidated Financial Statements and the Reformatted Standalone Financial Statements contained in the section titled “*Financial Information*” beginning on page 142 of this Draft Shelf Prospectus. The Audited Ind AS Consolidated Financial Statements and the Audited Ind AS Standalone Financial Statements should be read in conjunction with the audit report thereon issued by our Joint Statutory Auditors and statement of significant accounting policies and notes to accounts on the Audited Ind AS Consolidated Financial Statements and the Audited Ind AS Standalone Financial Statements contained in the section titled “*Financial Information*” beginning on page 142 of this Draft Shelf Prospectus.

Shriram Transport Finance Company Limited
Consolidated Balance Sheet as at March 31, 2019

(Rs. in lacs)

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I	ASSETS			
1	Financial assets			
	Cash and cash equivalents	102,913.54	109,071.33	113,240.45
	Bank balance other than above	295,233.14	258,384.45	341,357.83
	Derivative financial instruments	2,171.64	1,054.13	2,641.73
	Receivables			
	(I) Trade receivables	848.44	1,398.10	1,255.07
	(II) Other receivables	1,995.23	348.46	471.71
	Loans	9,675,148.57	9,074,561.59	7,401,581.39
	Investments	412,553.80	245,624.27	222,952.59
	Other financial assets	4,176.47	3,748.33	4,196.41
2	Non-financial Assets			
	Current tax assets (net)	10,657.77	10,426.15	10,864.51
	Deferred tax assets (net)	7,570.07	5,218.68	49,721.54
	Investment property	206.36	209.82	190.75
	Property, plant and equipment	14,345.82	11,821.76	13,246.45
	Other intangible assets	196.56	173.78	176.33
	Other non-financial assets	13,878.44	13,952.01	13,058.19
	Total assets	10,541,895.85	9,735,992.86	8,174,954.95
II	LIABILITIES AND EQUITY			
	LIABILITIES			
1	Financial liabilities			
	Derivative financial instruments	8,342.19	468.26	1,099.40
	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20,362.58	21,976.95	16,930.54
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
	Debt securities	3,418,175.01	3,243,261.27	2,136,124.76
	Borrowings (other than debt securities)	3,718,929.88	3,610,854.45	3,447,829.36
	Deposits	1,034,146.68	859,774.86	903,607.86
	Subordinated liabilities	620,188.10	499,194.11	389,131.01
	Other financial liabilities	73,129.47	65,067.78	70,894.78
2	Non-financial liabilities			
	Current tax liabilities (net)	10,296.73	21,650.51	19,011.55
	Provisions	13,327.01	12,733.43	12,078.59
	Other non-financial liabilities	28,722.30	31,974.81	33,907.01
	Total liabilities	8,945,619.95	8,366,956.43	7,030,614.86

Particulars			As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	3	Equity			
		Equity share capital	22,690.67	22,690.67	22,690.67
		Other equity	1,573,585.23	1,346,345.76	1,121,649.42
		Total equity	1,596,275.90	1,369,036.43	1,144,340.09
		Total liabilities and equity	10,541,895.85	9,735,992.86	8,174,954.95

Shriram Transport Finance Company Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in lacs)

Particulars			Year ended March 31, 2019	Year ended March 31, 2018
		Revenue from operations		
	(i)	Interest income	1,538,427.83	1,319,382.22
	(ii)	Dividend income	498.75	-
	(iii)	Rental income	21.86	20.90
	(iv)	Fee and commission income	7,130.97	15,210.99
	(v)	Net gain on fair value changes	-	8,177.32
	(vi)	Other operating income	6,164.94	1,603.64
	(I)	Total Revenue from operations	1,552,244.35	1,344,395.07
	(II)	Other Income	2,325.77	6,225.02
	(III)	Total Income (I + II)	1,554,570.12	1,350,620.09
		Expenses		
	(i)	Finance cost	751,125.94	636,647.83
	(ii)	Fee and commission expense	6,218.96	6,445.38
	(iii)	Net loss on fair value changes	258.47	-
	(iv)	Impairment of financial instruments	238,226.19	172,231.88
	(v)	Employee benefits expenses	88,305.12	74,470.20
	(vi)	Depreciation, amortisation and impairment	4,297.27	3,683.43
	(vii)	Other expenses	88,310.67	79,917.29
	(IV)	Total Expenses	1,176,742.62	973,396.01
	(V)	Profit/(loss) before exceptional items and tax (III - IV)	377,827.50	377,224.08
	(VI)	Exceptional items	-	12,347.88
	(VII)	Profit/(loss) before tax (V+ VI)	377,827.50	389,571.96
	(VIII)	Tax Expense:		
		(1) Current tax	134,637.53	89,625.45
		(2) Deferred tax	(2,226.96)	44,434.64
		(3) Tax adjustment for earlier years	(10,981.74)	872.46
	(IX)	Profit/(loss) for the period from continuing operations (VII-VIII)	256,398.67	254,639.41

Particulars			Year ended March 31, 2019	Year ended March 31, 2018
(X)		Share of profit of associate	1,169.16	253.72
(XI)		Profit/(loss) for the year (IX + X)	257,567.83	254,893.13
(XII)		Other Comprehensive Income		
	A	(i) Items that will not be reclassified to profit or loss		
		Remeasurement gain/(loss) on defined benefit plan	(369.58)	(199.22)
		(ii) Income tax relating to items that will not be reclassified to profit or loss	128.33	69.25
		Subtotal (A)	(241.25)	(129.97)
	B	(i) Items that will be reclassified to profit or loss	-	-
		(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
		Subtotal (B)	-	-
		Other Comprehensive Income (A + B)	(241.25)	(129.97)
(XIII)		Total Comprehensive Income for the year (XI + XII)	257,326.58	254,763.16
(XIV)		Earnings per equity share		
		Basic (Rs.)	113.52	112.35
		Diluted (Rs.)	113.52	112.35

Shriram Transport Finance Company Limited

Consolidated Cash Flow Statement for the year ended March 31, 2019

(Rs. in lacs)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A.	Cash flow from Operating activities		
	Profit before tax	377,827.50	389,571.96
	Depreciation, amortisation and impairment	4,297.27	3,683.43
	Profit arising on the sale of shares in subsidiary	-	(12,347.88)
	Interest on income tax refund	(665.55)	(5,796.67)
	Loss/(profit) on sale of fixed assets (net)	51.35	31.38
	Employees stock option compensation cost	-	(31.14)
	Impairment on loans	245,051.64	171,627.93
	Impairment on investments	(6.39)	(0.63)
	Impairment on undrawn loan commitment	671.23	485.37
	Impairment on other assets	(7,490.29)	119.21
	Net (gain)/loss on fair value changes on investment	(51.46)	746.20
	Net (gain)/loss on fair value changes on derivatives	309.93	1,003.22
	Fair value change of investment in associate	-	(9,926.74)
	Operating profit before working capital changes	619,995.23	539,165.64
	Movements in Working capital:		
	Decrease/(increase) in loans	(845,638.64)	(1,844,924.95)
	(Increase)/decrease in investments	(165,702.52)	(10,803.57)
	Decrease/(increase) in receivables	(1,097.10)	(1,394.79)
	Decrease/(increase) in bank deposits	(36,848.69)	82,651.46
	Decrease/(increase) in other financial assets	7,062.15	550.63
	Decrease/(increase) in other non-financial assets	143.35	(1,069.57)
	Increase/(decrease) in interest accrued on borrowings	(30,457.56)	1,735.98
	Increase/(decrease) in payables	(1,614.37)	9,349.54
	Increase/(decrease) in other financial liabilities	8,715.17	(6,578.39)
	Increase/(decrease) in non-financial liabilities	(3,252.51)	(1,537.80)
	Increase/(decrease) other provision	222.22	5,891.59

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
	Cash generated from operations	(448,473.27)	(1,226,964.23)
	Direct taxes paid (net of refunds)	(135,241.19)	(87,236.92)
	Net cash flows from/(used in) operating activities (A)	(583,714.46)	(1,314,201.15)
B.	Cash flow from Investing activities		
	Proceeds from sale of subsidiary	-	15,637.60
	Purchase of property, plant and equipment and intangible assets	(7,797.05)	(6,642.78)
	Proceeds from sale of property, plant and equipment and intangible assets	181.79	72.92
	Net cash flows from/(used in) investing activities (B)	(7,615.26)	9,067.74
C.	Cash flow from Financing activities		
	Derivatives	6,446.49	(46.76)
	Amounts received from deposits (including ICDs)	500,609.67	338,206.09
	Repayments of deposit	(331,518.70)	(375,681.97)
	Amounts received from debt securities	905,752.94	1,089,340.00
	Repayments of debt securities	(625,811.98)	(444,544.18)
	Amounts received from subordinated debts	236,000.00	142,900.00
	Repayments of subordinated debts	(86,455.69)	(36,448.17)
	Amounts received from borrowings other than debt securities	5,682,488.31	5,101,615.72
	Repayments of borrowings other than debt securities	(5,672,252.00)	(4,483,860.86)
	Dividend paid	(24,957.10)	(24,957.10)
	Tax on dividend	(5,130.01)	(5,080.68)
	Net cash flows from financing activities (C)	585,171.93	1,301,442.09

Shriram Transport Finance Company Limited

Consolidated Cash Flow Statement for the year ended March 31, 2019

(Rs. in lacs)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
	Net increase in cash and cash equivalents (A+B+C)	(6,157.79)	(3,691.32)
	Add: Adjustment on disposal of subsidiary	-	(477.80)
	Cash and cash equivalents at the beginning	109,071.33	113,240.45
	Cash and cash equivalents at the end of the year	102,913.54	109,071.33
	Net cash provided by (used in) operating activities includes		
	Interest received	1,484,290.78	1,256,452.22
	Interest paid	581,296.68	520,010.68
	Dividend received	498.75	-

(Rs. in lacs)

Components of cash and cash equivalents		As at March 31, 2019	As at March 31, 2018
	Cash and cash equivalents at the end of the year		
	i) Cash on hand	12,347.27	7,996.25
	ii) Cheques on hand	1,817.73	2,542.76
	iii) Balances with banks (of the nature of cash and cash equivalents)	76,166.90	92,946.60
	iv) Bank deposit with original maturity less than three months	12,581.64	5,585.72
	Total	102,913.54	109,071.33

Shriram Transport Finance Company Limited
Balance Sheet as at March 31, 2019

(Rs. in lacs)

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I	ASSETS			
1	Financial assets			
	Cash and cash equivalents	102,913.54	109,071.33	113,079.87
	Bank balance other than above	295,233.14	258,384.45	341,036.27
	Derivative financial instruments	2,171.64	1,054.13	2,641.73
	Receivables			
	(I) Trade receivables	848.44	1,398.10	443.42
	(II) Other receivables	1,995.23	348.46	418.39
	Loans	9,675,148.57	9,074,561.59	7,401,567.61
	Investments	399,906.08	234,136.10	225,865.76
	Other financial assets	4,176.47	3,748.33	4,123.24
2	Non-financial assets			
	Current tax assets (net)	10,657.77	10,426.15	10,864.51
	Deferred tax assets (net)	7,570.07	5,218.68	49,576.88
	Investment property	206.36	209.82	190.75
	Property, plant and equipment	14,345.82	11,821.76	8,217.04
	Other intangible assets	196.56	173.78	160.57
	Other non-financial assets	13,878.44	13,952.01	12,933.60
	Total assets	10,529,248.13	9,724,504.69	8,171,119.64
II	LIABILITIES AND EQUITY			
	LIABILITIES			
1	Financial liabilities			
	Derivative financial instruments	8,342.19	468.26	1,099.40
	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20,362.58	21,976.95	13,443.91
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
	Debt securities	3,418,175.01	3,243,261.27	2,136,124.76
	Borrowings (other than debt securities)	3,718,929.88	3,610,854.45	3,447,829.36
	Deposits	1,034,146.68	859,774.86	906,554.36
	Subordinated liabilities	620,188.10	499,194.11	389,313.60
	Other financial liabilities	73,129.47	65,067.78	70,882.87
2	Non-financial liabilities			
	Current tax liabilities (net)	10,296.73	21,650.51	18,911.89
	Provisions	13,327.01	12,733.43	11,942.98
	Other non-financial liabilities	28,722.30	31,974.81	33,599.86
	Total liabilities	8,945,619.95	8,366,956.43	7,029,702.99

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
3	Equity			
	Equity share capital	22,690.67	22,690.67	22,690.67
	Other equity	1,560,937.51	1,334,857.59	1,118,725.98
	Total equity	1,583,628.18	1,357,548.26	1,141,416.65
	Total liabilities and equity	10,529,248.13	9,724,504.69	8,171,119.64

Shriram Transport Finance Company Limited
Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in lacs)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
	Revenue from operations		
(i)	Interest income	1,538,427.83	1,319,353.20
(ii)	Dividend income	498.75	1,200.00
(iii)	Rental income	21.86	20.90
(iv)	Fee and commission income	7,130.97	7,690.87
(v)	Net gain on fair value changes	-	-
(vi)	Other operating income	6,164.94	1,601.67
(I)	Total Revenue from operations	1,552,244.35	1,329,866.64
(II)	Other income	2,325.77	6,297.56
(III)	Total Income (I + II)	1,554,570.12	1,336,164.20
	Expenses		
(i)	Finance cost	751,125.94	636,875.38
(ii)	Fee and commission expense	6,218.96	6,445.38
(iii)	Net loss on fair value changes	258.47	1,749.42
(iv)	Impairment of financial instruments	238,226.19	172,231.88
(v)	Employee benefits expenses	88,305.12	71,317.20
(vi)	Depreciation, amortisation and impairment	4,297.27	3,613.40
(vii)	Other expenses	88,310.67	77,725.86
(IV)	Total Expenses	1,176,742.62	969,958.52
(V)	Profit/(loss) before exceptional items and tax (III - IV)	377,827.50	366,205.68
(VI)	Exceptional items	-	13,974.55
(VII)	Profit/(loss) before tax (V+ VI)	377,827.50	380,180.23
(VIII)	Tax Expense:		
	(1) Current tax	134,637.53	88,826.31

Particulars			Year ended March 31, 2019	Year ended March 31, 2018
		(2) Deferred tax	(2,226.96)	44,427.44
		(3) Tax adjustment for earlier years	(10,981.74)	872.46
(IX)		Profit/(loss) for the period from continuing operations (VII - VIII)	256,398.67	246,054.02
(X)		Profit/(loss) for the year	256,398.67	246,054.02
(XI)		Other Comprehensive Income		
	A	(i) Items that will not be reclassified to profit or loss		
		Remeasurement gain/(loss) on defined benefit plan	(356.07)	(198.17)
		(ii) Income tax relating to items that will not be reclassified to profit or loss	124.43	69.25
		Subtotal (A)	(231.64)	(128.92)
	B	(i) Items that will be reclassified to profit or loss	-	-
		(ii) Income tax relating to items that will be reclassified to profit or loss	-	-
		Subtotal (B)	-	-
		Other Comprehensive Income (A + B)	(231.64)	(128.92)
(XII)		Total Comprehensive Income for the year (X + XI)	256,167.03	245,925.10
(XIII)		Earnings per equity share		
		Basic (Rs.)	113.01	108.45
		Diluted (Rs.)	113.01	108.45

Shriram Transport Finance Company Limited
Cash Flow Statement for the year ended March 31, 2019

(Rs. in lacs)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A.	Cash flow from Operating activities		
	Profit before tax	377,827.50	380,180.23
	Depreciation, amortisation and impairment	4,297.27	3,613.40
	Profit arising on the sale of shares in subsidiary	-	(13,974.55)
	Interest on income tax refund	(665.55)	(5,796.67)
	Loss/(profit) on sale of fixed assets (net)	51.35	18.16
	Impairment on loans	245,051.64	171,627.93
	Impairment on investments	(6.39)	(0.63)
	Impairment on undrawn loan commitment	671.23	485.37
	Impairment on other assets	(7,490.29)	119.21
	Net (gain)/loss on fair value changes on investment	(51.46)	746.20
	Net (gain)/loss on fair value changes on derivatives	309.93	1,003.22

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
	Dividend income from subsidiary	-	(1,200.00)
	Operating profit before working capital changes	619,995.23	536,821.87
	Movements in Working capital:		
	Decrease/(increase) in loans	(845,638.64)	(1,844,621.93)
	(Increase)/decrease in investments	(165,712.13)	(10,678.95)
	Decrease/(increase) in receivables	(1,097.10)	(884.75)
	Decrease/(increase) in bank deposits	(36,848.69)	82,651.82
	Decrease/(increase) in other financial assets	7,062.15	255.70
	Decrease/(increase) in other non-financial assets	143.35	(956.56)
	Increase/(decrease) in interest accrued on borrowings	(30,457.56)	1,735.98
	Increase/(decrease) in payables	(1,614.37)	8,533.04
	Increase/(decrease) in other financial liabilities	8,715.17	(6,623.17)
	Increase/(decrease) in non-financial liabilities	(3,252.51)	(1,625.05)
	Increase/(decrease) other provision	231.83	5,903.58
	Cash generated from operations	(448,473.27)	(1,229,488.42)
	Direct taxes paid (net of refunds)	(135,241.19)	(86,521.78)
	Net cash flows from/(used in) operating activities (A)	(583,714.46)	(1,316,010.20)
B.	Cash flow from Investing activities		
	Proceeds from sale of subsidiary	-	15,637.60
	Purchase of property, plant and equipment and intangible assets	(7,797.05)	(6,594.60)
	Proceeds from sale of property, plant and equipment and intangible assets	181.79	72.28
	Dividend received from subsidiary	-	1,200.00
	Net cash flows from/(used in) investing activities (B)	(7,615.26)	10,315.28
C.	Cash flow from Financing activities		
	Derivatives	6,446.49	(46.76)
	Amount received from deposits received (including ICDs)	500,609.67	338,206.09
	Repayment of deposits	(331,518.70)	(375,681.97)
	Amount received from debt securities	905,752.94	1,089,340.00
	Repayment of debt securities	(625,811.98)	(444,544.18)
	Amount received from subordinated debts	236,000.00	142,900.00
	Repayment of subordinated debts	(86,455.69)	(36,448.17)
	Amount received from borrowings other than debt securities	5,682,488.31	5,101,615.72
	Repayment of borrowings other than debt securities	(5,672,252.00)	(4,483,860.86)
	Dividend paid	(24,957.10)	(24,957.10)
	Tax on dividend	(5,130.01)	(4,836.39)
	Net cash flows from financing activities (C)	585,171.93	1,301,686.38
	Net increase in cash and cash equivalents (A+B+C)	(6,157.79)	(4,008.54)
	Cash and cash equivalents at the beginning	109,071.33	113,079.87
	Cash and cash equivalents at the end of the year	102,913.54	109,071.33
	Net cash provided by (used in) operating activities includes		
	Interest received	1,484,290.78	1,256,452.22
	Interest paid	581,302.70	519,995.69

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
	Dividend received	498.75	-

(Rs. in lacs)

Components of cash and cash equivalents		As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents at the end of the year			
i) Cash on hand		12,347.27	7,996.25
ii) Cheques on hand		1,817.73	2,542.76
iii) Balances with banks (of the nature of cash and cash equivalents)		76,166.90	92,946.60
iv) Bank deposit with original maturity less than three months		12,581.64	5,585.72
Total		102,913.54	109,071.33

Summary of Consolidated Assets and Liabilities
(Rs. in lacs)

	Particulars	As at March 31,			
		2018	2017	2016	2015
	Equity and liabilities				
A	Shareholders' fund				
	Share capital	22,690.67	22,690.67	22,690.67	22,690.67
	Reserves and surplus	1,236,108.34	1,110,502.52	994,857.66	903,891.11
	Total shareholders' fund	1,258,799.01	1,133,193.19	1,017,548.33	926,581.78
B	Non-current liabilities				
	(a) Long-term borrowings	4,037,592.13	3,369,861.25	3,026,888.74	3,285,558.30
	(b) Other long-term liabilities	163,315.42	140,515.24	118,874.25	118,280.71
	(c) Long-term provisions	544,454.93	389,393.83	284,271.68	187,198.41
	Total non-current liabilities	4,745,362.48	3,899,770.32	3,430,034.67	3,591,037.42
C	Current liabilities				
	(a) Short-term borrowings	767,645.96	495,423.75	333,044.38	295,262.91
	(b) Trade payables				
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	21,976.95	17,167.28	14,387.84	14,386.20
	(c) Other current liabilities	2,011,631.80	1,858,404.48	1,954,164.52	1,346,989.51
	(d) Short-term provisions	43,188.51	40,609.94	51,739.44	41,103.62
	Total current liabilities	2,844,443.22	2,411,605.45	2,353,336.18	1,697,742.24
D	Total equity and liabilities (A+B+C)	8,848,604.71	7,444,568.96	6,800,919.18	6,215,361.44

(Rs. in lacs)

	Particulars	As at March 31,			
		2018	2017	2016	2015
	Assets				
E	Non-current assets				
	(a) Fixed assets				
	(i) Property, plant and equipment	11,821.76	13,246.45	15,052.81	15,276.44
	(ii) Intangible assets	173.78	176.33	158.43	149.29
	(b) Non-current investments	149,519.80	146,792.40	122,251.16	82,426.49
	(c) Deferred tax assets (net)	42,896.57	36,348.80	30,887.14	25,778.33
	(d) Long-term loans and advances	5,815,231.03	4,731,203.23	4,301,326.73	3,248,125.45
	(e) Other non-current assets	271.03	7,518.23	1,389.01	9,310.56
	Total non-current assets	6,019,913.97	4,935,285.44	4,471,065.28	3,381,066.56
F	Current assets				
	(a) Current investments	-	5,225.25	11,699.19	221,292.13
	(b) Trade receivables	-	867.85	1,009.48	298.86
	(c) Cash and bank balances	363,750.92	444,531.15	236,555.03	476,117.88
	(d) Short-term loans and advances	2,458,767.10	2,052,752.36	2,075,525.80	2,130,329.48
	(e) Other current assets	6,172.72	5,906.91	5,064.40	6,256.53
	Total current assets	2,828,690.74	2,509,283.52	2,329,853.90	2,834,294.88
G	Total assets (E+F)	8,848,604.71	7,444,568.96	6,800,919.18	6,215,361.44

Summary of Consolidated Profit and Loss

(Rs. in lacs)

	Particulars	For the year ended March 31,			
		2018	2017	2016	2015
A.	Revenue				
i	Revenue from operations	1,227,716.81	1,090,271.46	1,035,858.80	917,697.38
ii	Other income	6,239.64	175.61	338.20	264.29
	Total Revenue	1,233,956.45	1,090,447.07	1,036,197.00	917,961.67
B.	Expenses				

	Particulars	For the year ended March 31,			
		2018	2017	2016	2015
i	Employee benefits expense	74,667.32	58,293.31	62,349.23	50,402.36
ii	Finance cost	537,001.16	518,570.24	505,792.37	467,464.51
iii	Depreciation and amortisation	3,683.43	3,487.35	3,763.16	4,315.49
iv	Provisions & write offs	312,211.32	244,432.05	210,679.48	161,222.39
v	Other expenses	82,076.06	71,859.14	74,684.92	69,601.37
	Total Expenses	1,009,639.29	896,642.09	857,269.16	753,006.12
C.	Profit before exceptional items and tax	224,317.16	193,804.98	178,927.84	164,955.55
	Exceptional items	12,309.12	-	-	-
D.	Profit before tax	236,626.28	193,804.98	178,927.84	164,955.55
E.	Tax expenses				
	Current tax	89,625.45	72,703.23	65,674.83	62,280.81
	Deferred tax	(6,668.71)	(5,461.66)	(5,108.81)	(169.71)
	Tax paid for earlier years	(1,776.68)	-	-	-
	Total tax expense	81,180.06	67,241.57	60,566.02	62,111.10
F.	Profit after tax from continuing operations (D-E)	155,446.22	126,563.41	118,361.82	102,844.45
	Share of profit of associate	228.52	-	-	-
G.	Net profit after taxes and share of profit of associate	155,674.74	126,563.41	118,361.82	102,844.45
	Earnings per share				
	Basic (Rs.)	68.61	55.78	52.17	45.33
	Diluted (Rs.)	68.61	55.78	52.17	45.33
	Nominal value of equity share (Rs./share)	10.00	10.00	10.00	10.00

Summary of Consolidated Cash Flow Statements

(Rs. in lacs)

Particulars	For the year ended March 31,			
	2018	2017	2016	2015
A. Cash flow from operating activities				
Profit before taxes	236,626.28	193,804.98	178,927.84	164,955.55
Depreciation and amortisation	3,683.43	3,487.35	3,763.16	4,315.49
Profit arising on the sale of shares in subsidiary	(12,309.12)	-	-	-

Particulars	For the year ended March 31,			
	2018	2017	2016	2015
Interest on income tax refund	(5,796.67)	-	-	-
Loss / (profit) on sale of fixed assets (net)	31.38	27.18	35.36	38.74
Provision for diminution in value of investments	699.87	0.37	-	-
Employees stock option compensation cost	(31.14)	4.28	(38.70)	55.33
Premium on government securities	171.48	124.17	82.30	19.74
Amortisation of discount on government securities	(227.50)	(227.97)	(221.42)	(165.69)
Amortisation of issue expenses for equity shares	416.81	152.78	152.78	168.85
Amortisation of public issue expenses for non-convertible debentures	562.42	1,074.35	1,303.09	1,761.70
Amortisation of prepaid interest on commercial paper	1,663.40	-	-	-
Provision for credit loss on securitisation	6,351.21	10,173.79	4,821.98	-
Provisions for non-performing assets and bad debt written off	292,551.77	230,583.52	200,867.02	158,456.12
Provision for diminution in fair value of assets for restructured loans	4,566.77	-	-	-
Provision for restructured performing assets	64.94	-	-	-
Contingent provision for standard assets	7,976.76	3,674.37	4,990.48	2,766.27
Operating profit before working capital changes	537,002.09	442,879.17	394,683.89	332,372.10
Movements in working capital:				
Increase / (decrease) in trade payables	9,320.61	2,779.44	1.64	(1,949.99)
Increase / (decrease) in provisions	(341.31)	(14,583.27)	(1,769.88)	(5,331.98)
Increase / (decrease) in other liabilities	91,380.72	102,355.85	77,407.54	34,540.63
Decrease / (increase) in trade receivables	(516.28)	141.63	(710.62)	(108.19)
(Increase) / decrease in investments	5,269.53	(19,556.66)	169,905.15	(60,048.58)
Decrease / (increase) in loans and advances	(1,638,281.29)	(531,272.48)	(1,110,148.15)	(1,256,486.65)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	83,431.62	(181,009.46)	(25,816.52)	53,175.48
Decrease / (increase) in other assets	(928.59)	(1,389.04)	979.31	1,845.47
Cash generated from operations	(913,662.90)	(199,654.82)	(495,467.64)	(901,991.71)
Direct taxes paid (net of refunds)	(87,675.30)	(68,070.26)	(55,183.14)	(59,277.72)
Net cash flow/(used) in operating activities (A)	(1,001,338.20)	(267,725.08)	(550,650.78)	(961,269.43)
B. Cash flows from investing activities				

Particulars	For the year ended March 31,			
	2018	2017	2016	2015
Purchase of fixed assets including intangible assets	(6,642.78)	(1,787.32)	(3,721.83)	(4,343.19)
Proceeds from sale of PPE	72.92	46.93	72.94	64.52
Proceeds of non-current investments	-	1653.36	-	-
Purchase of non-current investments	(699.87)	(62.81)	-	-
On account of sale of investment in subsidiary	15,637.60	-	-	-
Investment in bank deposits (having original maturity of more than three months)	299.89	-	-	-
Net cash flow/(used) in investing activities (B)	8,667.76	(149.84)	(3,648.89)	(4,278.67)
C. Cash flows from financing activities				
Amount received from institutional borrowing	4,860,576.59	2,798,406.98	2,109,331.46	2,393,115.61
Amount received from senior secured notes	116,000.00	135,000.00	-	-
Amount received from Public issue of non-convertible debentures	-	-	-	197,484.71
Increase / (decrease) in Retail borrowings	(55,709.16)	16,377.50	97,664.77	165,612.77
Amount redeemed for Public issue of non-convertible debentures and subordinated debts	(192,374.07)	(150,105.01)	(41,795.50)	(34,306.30)
Repayment of institutional borrowing	(3,709,250.77)	(2,470,721.02)	(1,855,651.85)	(1,915,501.98)
Public issue expenses for non-convertible debentures paid	-	-	-	(1,255.33)
Dividend paid	(24,957.10)	(22,688.27)	(22,688.27)	(18,150.62)
Tax on dividend	(5,080.68)	(4,618.80)	(4,618.80)	(3,356.86)
Net cash from financing activities (C)	989,204.81	301,651.38	282,241.81	783,642.00
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(3,465.63)	33,776.46	(272,057.86)	(181,906.10)
Add: Adjustment on disposal of subsidiary	(477.80)	-	-	-
Cash and cash equivalents at the beginning of the year	114,323.66	80,547.20	352,605.06	534,511.16
Cash and cash equivalents at the end of the year	110,380.23	114,323.66	80,547.20	352,605.06

(Rs. in lacs)

Components of cash and cash equivalents	As at March 31,			
	2018	2017	2016	2015
Cash and cash equivalents at the end of the year				
i) Cash on hand	7,996.25	7,910.29	10,124.16	10,990.89
ii) Cheques on hand	2,542.76	3,175.11	4,698.24	7,576.72
iii) Balances with scheduled banks in:				
Current accounts	92,946.60	102,155.05	59,765.26	166,700.86

Components of cash and cash equivalents	As at March 31,			
	2018	2017	2016	2015
Unclaimed dividend accounts	1,310.11	1,083.21	923.26	821.59
Deposits with original maturity of less than three months	5,584.51	-	5,036.28	166,515.00
Total cash and cash equivalents	110,380.23	114,323.66	80,547.20	352,605.06

Shriram Transport Finance Company Limited
Summary of Standalone Assets and Liabilities

Rs. in lacs)

	Particulars	As at March 31,			
		2018	2017	2016	2015
	Equity and liabilities				
A	Shareholders' fund				
	Share capital	22,690.67	22,690.67	22,690.67	22,690.67
	Reserves and surplus	1,234,540.96	1,107,532.20	992,720.78	901,105.83
	Total shareholders' fund	1,257,231.63	1,130,222.87	1,015,411.45	923,796.50
B	Non-current liabilities				
	(a) Long-term borrowings	4,037,592.13	3,370,018.31	3,026,967.38	3,157,076.48
	(b) Other long-term liabilities	163,315.42	140,536.73	118,877.99	118,252.79
	(c) Long-term provisions	544,454.93	389,393.83	284,271.68	158,650.37
	Total non-current liabilities	4,745,362.48	3,899,948.87	3,430,117.05	3,433,979.64
C	Current liabilities				
	(a) Short-term borrowings	767,645.96	498,313.75	333,035.34	266,140.59
	(b) Trade payables				
	- Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	21,976.95	13,443.90	11,866.74	7,520.88
	(c) Other current liabilities	2,011,631.80	1,858,382.69	1,953,991.66	1,261,081.32
	(d) Short-term provisions	43,188.51	40,233.22	51,480.44	40,196.28
	Total current liabilities	2,844,443.22	2,410,373.56	2,350,374.18	1,574,939.07
D	Total equity and liabilities (A+B+C)	8,847,037.33	7,440,545.30	6,795,902.68	5,932,715.21
E	Non-current assets				
	(a) Fixed assets				
	(i) Property, plant and equipment	11,821.76	8,217.04	9,961.01	9,944.50
	(ii) Intangible assets	173.78	160.57	145.29	127.87
	(b) Non-current investments	147,952.41	149,713.52	125,216.98	111,426.49
	(c) Deferred tax assets (net)	42,896.57	36,228.16	30,770.26	25,648.45

	Particulars	As at March 31,			
		2018	2017	2016	2015
	(d) Long-term loans and advances	5,815,231.03	4,730,887.55	4,301,019.05	3,082,287.15
	(e) Other non-current assets	271.03	7,514.84	1,387.51	9,310.56
	Total Non-current assets	6,018,346.58	4,932,721.68	4,468,500.10	3,238,745.02
F	Current assets				
	(a) Current investments	-	5,220.97	10,399.52	221,292.13
	(b) Cash and bank balances	363,750.92	444,068.53	236,385.69	472,339.89
	(c) Short-term loans and advances	2,458,767.11	2,052,647.01	2,075,559.21	1,994,093.71
	(d) Other current assets	6,172.72	5,887.11	5,058.16	6,244.46
	Total current assets	2,828,690.75	2,507,823.62	2,327,402.58	2,693,970.19
G	Total assets (E+F)	8,847,037.33	7,440,545.30	6,795,902.68	5,932,715.21

Shriram Transport Finance Company Limited
Summary of Standalone Profit and Loss

(Rs. in lacs)

	Particulars	For the year ended March 31,			
		2018	2017	2016	2015
A.	Revenue				
i	Revenue from operations	1,220,165.70	1,082,875.14	1,028,977.79	863,691.98
ii	Other income	7,517.76	186.09	370.33	780.47
	Total revenue	1,227,683.46	1,083,061.23	1,029,348.12	864,472.45
B.	Expenses				
i	Employee benefits expense	71,515.37	54,796.00	58,883.96	42,957.31
ii	Finance costs	537,234.94	518,741.75	505,792.60	438,998.20
iii	Depreciation and amortisation	3,613.40	3,390.78	3,630.61	4,050.62
iv	Provisions and write-offs	312,211.32	244,432.05	210,679.48	128,915.27
v	Other expenses	79,899.51	69,308.10	72,218.35	65,312.24
	Total expenses	1,004,474.54	890,668.68	851,205.00	680,233.64
C.	Profit before exceptional items and tax (A-B)	223,208.92	192,392.55	178,143.12	184,238.81
D.	Exceptional Items	13,974.55	-	-	-

	Particulars	For the year ended March 31,			
		2018	2017	2016	2015
E.	Profit before tax (C+D)	237,183.47	192,392.55	178,143.12	184,238.81
F.	Tax expense				
	Current tax	88,826.31	72,116.20	65,445.17	60,947.79
	Deferred tax	(6,668.41)	(5,457.90)	(5,121.81)	(489.96)
	Tax paid for earlier years	(1,776.68)	-	-	-
	Total tax expense / (income)	80,381.22	66,658.30	60,323.36	60,457.83
G.	Profit after tax from continuing operations (E-F)	156,802.25	125,734.25	117,819.76	123,780.98
	Earnings per share				
	Basic (Rs.)	69.11	55.42	51.93	54.56
	Diluted (Rs.)	69.11	55.42	51.93	54.56
	Nominal value of equity share (Rs./share)	10.00	10.00	10.00	10.00

Shriram Transport Finance Company Limited
Summary of Standalone Cash Flow Statements

(Rs. in lacs)

Particulars	For the year ended March 31,			
	2018	2017	2016	2015
A. Cash flow from operating activities				
Profit before taxes	237,183.47	192,392.55	178,143.12	184,238.81
Depreciation and amortisation	3,613.40	3,390.78	3,630.61	4,050.62
Profit arising on the sale of shares in subsidiary	(13,974.55)	-	-	-
Interest on income tax refund	(5,796.67)	-	-	-
Loss / (profit) on sale of fixed assets (net)	18.16	27.26	36.37	35.75
Dividend received on long-term investments	(1,200.00)	-	-	(2.75)
Provision for diminution in value of investments	699.87	0.37	-	-
Employees stock option compensation cost	-	-	(47.77)	-
Premium on government securities	171.48	124.17	82.30	19.74
Amortisation of discount on government securities	(227.50)	(227.97)	(221.42)	(165.69)
Amortisation of issue expenses for equity shares	416.81	152.78	152.78	168.85
Amortisation of public issue expenses for non-convertible debentures	562.42	1,074.35	1,303.09	1,761.70
Amortisation of prepaid interest on commercial paper	1,663.40	-	-	-
Provision for credit loss on securitisation	6,351.21	10,173.79	4,821.98	-

Particulars	For the year ended March 31,			
	2018	2017	2016	2015
Provisions for non performing assets and bad debt written off	292,551.77	230,583.52	200,867.02	125,934.32
Provision for diminution in fair value of assets for restructured loans	4,566.77	-	-	-
Provision for restructured performing assets	64.94	-	-	-
Contingent provision on standard assets	7,976.76	3,674.37	4,990.48	2,980.95
Operating profit before working capital changes	534,641.74	441,365.97	393,758.56	319,022.30
Movements in working capital:				
Increase / (decrease) in trade payables	8,533.05	1,577.16	4,345.86	(916.15)
Increase / (decrease) in provisions	(328.27)	(14,601.66)	27,243.98	(5,383.29)
Increase / (decrease) in other liabilities	91,219.75	102,521.12	78,944.82	36,402.80
(Increase) / decrease in investments	5,394.13	(20,807.35)	196,738.13	(60,048.59)
Decrease / (increase) in loans and advances	(1,637,861.33)	(531,110.68)	(1,410,622.17)	(1,277,183.79)
Decrease/(increase) in bank deposits (having original maturity of more than three months) (net)	83,431.62	(180,709.38)	(25,820.25)	53,179.53
Decrease / (increase) in other assets	(917.89)	(1,373.35)	974.74	1,857.14
Cash generated from operations	(915,887.20)	(203,138.17)	(734,436.33)	(933,070.05)
Direct taxes paid (net of refunds)	(86,960.16)	(67,582.55)	(56,091.88)	(57,743.68)
Net cash flow/ (used) in operating activities (A)	(1,002,847.36)	(270,720.72)	(790,528.21)	(990,813.73)
B. Cash flows from investing activities				
Purchase of fixed assets including intangible assets	(6,594.60)	(1,765.21)	(3,821.62)	(4,080.87)
Proceeds from sale of fixed assets	72.28	46.50	50.98	63.10
Proceeds from sale of non-current investments	-	1,653.36	-	-
Purchase of non-current investments	(699.87)	(62.81)	-	-
Proceeds from sale of shares in subsidiary	15,637.60	-	-	-
Dividend received on long-term investments from erstwhile subsidiary	1,200.00	-	-	2.75
Net cash flow/(used) in investing activities (B)	9,615.41	(128.16)	(3,770.64)	(4,015.02)
C. Cash flows from financing activities				
Amount received from institutional borrowing	4,855,836.59	2,801,296.98	2,350,574.28	2,220,993.36
Amount received from public issue of non-convertible debentures	-	-	-	197,484.71
Amount received from senior secured notes	116,000.00	135,000.00	-	-
Increase / (decrease) in retail borrowings	(55,709.16)	16,459.47	97,743.41	165,612.77

Particulars	For the year ended March 31,			
	2018	2017	2016	2015
Amount redeemed for public issue of non-convertible debentures and subordinated debts	(192,374.07)	(150,105.01)	(41,795.50)	(34,306.30)
Repayment of institutional borrowing	(3,704,510.77)	(2,470,711.98)	(1,855,069.86)	(1,714,627.52)
Public issue expenses for non-convertible debentures paid	-	-	-	(1,255.33)
Dividend paid	(24,957.10)	(22,688.27)	(22,688.27)	(18,150.62)
Tax on dividend	(4,836.39)	(4,618.80)	(4,618.80)	(3,356.44)
Net cash flow from financing activities (C)	989,449.10	304,632.39	524,145.26	812,394.63
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(3,782.85)	33,783.51	(270,153.59)	(182,434.12)
Cash and Cash Equivalents at the beginning of the year	114,163.08	80,379.57	348,832.76	531,266.88
Cash and bank balances taken over on merger	-	-	1,700.40	-
Cash and Cash Equivalents at the end of the year	110,380.23	114,163.08	80,379.57	348,832.76

(Rs. in lacs)

Components of Cash and Cash Equivalents	As at March 31,			
	2018	2017	2016	2015
Cash and Cash Equivalents at the end of the year				
i) Cash on hand	7,996.25	7,865.26	10,079.91	10,794.43
ii) Cheques on hand	2,542.76	3,175.11	4,698.24	7,367.11
iii) Balances with scheduled banks in:				
Current accounts	92,946.60	102,039.50	59,641.88	165,145.63
Unclaimed dividend accounts	1,310.11	1,083.21	923.26	821.59
Deposits with original maturity of less than three months	5,584.51	-	5,036.28	164,704.00
Total cash and cash equivalents	110,380.23	114,163.08	80,379.57	348,832.76

CAPITAL STRUCTURE

1. Details of share capital

The share capital of our Company as at date of this Draft Shelf Prospectus is set forth below:

Share Capital	Aggregate nominal value (Rs. in lacs)
Authorised Share Capital	
64,70,00,000 Equity Shares of Rs. 10 each	64,700.00
9,50,00,000 Preference Shares of Rs. 100 each	95,000 .00
Total Authorised Share Capital	159,700.00
Issued*	
226,888,877 Equity Shares of Rs. 10 each	22,688.89
Subscribed*	
226,882,736 Equity Shares of Rs. 10 each	22,688.27
Paid-up Share Capital	
22,68,82,736 Equity Shares of Rs. 10 each	22,688.27
Total	22,690.67
Securities premium account	175,481.06
Notes:	
<p>The Equity Shares allotted for consideration other than cash are as follows:</p> <p>a) 60,633,350 fully paid-up Equity Shares of our Company have been allotted to the shareholders of SIL, pursuant to a scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated November 25, 2005, in a ratio of 1 fully paid up Equity Share of our Company, for every 1 fully paid up equity share of the face value of Rs.10 each, of SIL;</p> <p>b) 18,645,886 fully paid-up Equity Shares of our Company have been allotted to the shareholders of SOFL, pursuant to a scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated December 1, 2006, in a ratio of 3 fully paid up Equity Shares of our Company, for every 5 fully paid up equity shares of the face value of Rs. 10 each, of SOFL;</p> <p>c) Pursuant to SHMPL Scheme of Merger sanctioned vide the SHMPL Merger Order passed by the Hon'ble High Court of Madras, our Company issued and allotted 93,872,380 fully paid up equity shares of our Company to the shareholders of SHMPL, whose names appeared in the register of members on the specified date in connection with the aforesaid scheme of amalgamation, in a ratio of 313 fully paid up Equity shares of our Company, for every 124 fully paid up equity shares of the face value of Rs. 10 each, of SHMPL;</p>	

Share Capital	Aggregate nominal value (Rs. in lacs)
d) Pursuant to the issuance of 6,495,420 Equity Shares on a rights basis on April 21, 1995, 6,484,910 Equity Shares were allotted, and 10,510 Equity Shares were kept in abeyance and not allotted, on account of unavailability of certain information in connection with certain applicants of Equity Shares in the said rights issue. Subsequently, 2,369 Equity Shares and 2,000 Equity Shares of the aforementioned Equity Shares kept in abeyance were allotted on November 11, 1995 and December 28, 1995, respectively. Currently, 6,141 Equity Shares are still kept in abeyance and pending allotment;	

** 48,000 equity shares of Rs. 10 each of SIL, on which Rs. 5 was paid up for each of the said shares, were forfeited on January 17, 1997, (“**Forfeited Shares**”). Pursuant to the scheme of amalgamation sanctioned by the Hon’ble High Court of Madras vide its order dated November 25, 2005, as detailed in para (a) above, the Forfeited Shares have become a part of the share capital of our Company, by operation of law. The shareholders in their 40th annual general meeting held on June 27, 2019 considered and approved the cancellation of the forfeited shares from the issued and subscribed share capital of the Company. The appropriate accounting entries have been made in the books of accounts of the Company in this regard.*

This Issue will not result in any change in the issued, subscribed and paid up equity share capital and/or securities premium account of our Company.

2. Changes in the capital structure of our Company, as on March 31, 2019, in the last five years from date of this Draft Shelf Prospectus

Date of change (AGM/ EGM)	Alteration
March 31, 2016*	The authorised share capital of our Company was reorganised from Rs. 5,970,000,000 divided into 397,000,000 Equity Shares of Rs. 10 each and 2,00,00,000 cumulative redeemable preference shares of Rs. 100 each to Rs. 15,970,000,000 divided into 647,000,000 Equity Shares of Rs. 10 each and 95,000,000 redeemable preference shares of Rs. 100 each*

NOTES:

** The authorised capital of our Company was increased, pursuant to a scheme of amalgamation of our erstwhile subsidiary, Shriram Equipment Finance Company Limited, with our Company (“**SEFCL Scheme of Merger**”). The appointed date for the SEFCL Scheme of Merger was April 1, 2015. The SEFCL Scheme of Merger was approved by the Hon’ble High Court of Madras, vide its order dated March 31, 2016. The SEFCL Scheme of Merger was effective from April 19, 2016.*

3. Equity Share Capital History of our Company as of the date of this Draft Shelf Prospectus, for the last five years preceding the date of this Draft Shelf Prospectus

Date of Allotment	Number of equity shares issued and allotted	Face Value (in Rs.)	Premium per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Form of consideration	Nature of Allotment	Cumulative no. of Equity Shares	Cumulative Paid-up capital (Rs.)	Cumulative Share Premium (Rs. in lacs)	Remarks
NIL										

4. Shareholding pattern of our Company as on March 31, 2019

Sr. No.	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	Total nos. equity shares held	Total Shareholding as a % of total no. of equity shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialised form
						No of Voting Rights		Total as a % of (A+B+C)		
						Class	Total			
(A)	Promoter & promoter group	1	59,173,023	59,173,023	26.08	59,173,023	59,173,023	26.08	26.08	59,173,023
(B)	Public	51,575	167,709,713	167,709,713	73.92	167,709,713	167,709,713	73.92	73.92	164,888,070
(C)	Non-Promoter - Non-Public	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(C1)	Shares Underlying DRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(C2)	Shares Held by Employee Trust	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	51,576	226,882,736	226,882,736	100.00	226,882,736	226,882,736	100.00	100.00	224,061,093

*None of the Equity Shares are pledged or otherwise encumbered by our Promoter.

5. Shareholding of the Promoter and promoter group as on March 31, 2019

Sr. No.	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	Total nos. equity shares held	Shareholding as a % of total no. of equity shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialised form
						No of Voting Rights	Total (per cent.)			
						Class				
1	Indian									
a	Individuals/Hindu undivided Family	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	Central Government/ State Government(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c	Financial Institutions/ Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d	Any Other (specify)									
	Body Corporate (Shriram Capital Limited)	1	59,173,023	59,173,023	26.08	5,91,73,023	59,173,023	26.08	26.08	59,173,023
	Sub-Total	1	59,173,023	59,173,023	26.08	5,91,73,023	59,173,023	26.08	26.08	59,173,023
2	Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a	Individuals (Non-Resident Individuals / Foreign Individuals)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b	Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c	Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d	Foreign Portfolio Investor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e	Any Other (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sr. No.	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	Total nos. equity shares held	Shareholding as a % of total no. of equity shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialised form
						No of Voting Rights		Total (per cent.)		
						Class	Total			
	Total Shareholding of Promoter and promoter group	1	59,173,023	59,173,023	26.08	59,173,023	59,173,023	26.08	26.08	59,173,023

6. Details of acquisitions, amalgamations, reorganizations, reconstructions in the last one year

There have been no acquisitions, amalgamations, reorganizations or reconstructions in our Company in the last one year preceding the date of this Draft Shelf Prospectus.

7. List of top ten holders of Equity Shares of our Company as on June 28, 2019

Sr. No.	Name of shareholder	Address	Total Number of Equity Shares held	Total Shareholding as % of total no. of equity shares (per cent.)	No. of Equity Shares held in demat form
1.	SHRIRAM CAPITAL LIMITED	SHRIRAM HOUSE NO 4 BURKIT ROAD T NAGAR, CHENNAI 600017	59,173,023	26.08	59,173,023
2.	HDFC TRUSTEE COMPANY LTD (Under Different sub Accounts)	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI 400042	7,418,568	3.27	7,418,568
3.	SANLAM LIFE INSURANCE LIMITED	CITIBANK N.A. CUSTODY SERVICES FIFC- 11TH FLR, G BLOCK, PLOT C-54 AND C-55, BKC, BANDRA - EAST, MUMBAI 400098	6,757,267	2.98	6,757,267
4.	SBI MUTUAL FUND (Under different sub accounts)	SBI SG GLOBAL SECURITIES SERVICES PL JEEVAN SEVA ANNEXE BUILDING GR FLOOR, S V ROAD SANTACRUZ WEST, MUMBAI 400054	4,475,717	1.97	4,475,717
5.	NEW WORLD FUND INC	JPMORGAN CHASE BANK N.A. INDIA SUB CUSTODY 6th FLOOR, PARADIGM B MINDSPACE, MALAD W, MUMBAI 400064	4,391,063	1.94	4,391,063
6.	GOVERNMENT PENSION FUND GLOBAL	CITIBANK N.A. CUSTODY SERVICES FIFC- 11TH FLR, G BLOCK PLOT C-54 AND C-55, BKC BANDRA - EAST, MUMBAI 400098	4,379,988	1.93	4,379,988
7.	INVESTEC GLOBAL STRATEGY FUND - ASIAN EQUITY FUND	HSBC SECURITIES SERVICES, 11TH FLR, BLDG NO.3, NESCO - IT PARK NESCO COMPLEX, W E HIGHWAY GOREGAON EAST, MUMBAI 400063	3,740,368	1.65	3,740,368
8.	ABU DHABI INVESTMENT AUTHORITY (Under Different Sub accounts)	JPMORGAN CHASE BANK N.A. INDIA SUB CUSTODY 6th FLOOR, PARADIGM	3,658,189	1.61	3,658,189

		B MINDSPACE, MALAD W, MUMBAI 400064			
9.	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS OPPORTUNITIES FUND	CITIBANK N.A. CUSTODY SERVICES FIFC- 11TH FLR, G BLOCK PLOT C-54 AND C-55, BKC BANDRA - EAST, MUMBAI 400098	3,268,498	1.44	3,268,498
10.	PLATINUM ASIA FUND	HSBC SECURITIES SERVICES 11TH FLR, BLDG NO.3, NESCO - IT PARK NESCO COMPLEX, W E HIGHWAY GOREGAON EAST, MUMBAI 400063	3,210,784	1.42	3,210,784

8. List of top ten Debenture Holders (secured and unsecured, on a cumulative basis for all the outstanding debenture issues), as on June 28, 2019

Sr. No.	Name of the debenture holder	Address	Aggregate Amount (Rs. in lacs)
1.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED (Under different sub accounts)	CITIBANK N.A. CUSTODY SERVICES, FIFC- 11TH FLR, G BLOCK,PLOT C-54 AND C-55, BKC-BANDRA - EAST, MUMBAI-400098	221,000
2.	FRANKLIN INDIA MUTUAL FUND	CITIBANK N.A. CUSTODY SERVICES, FIFC- 11TH FLR, G BLOCK,PLOT C-54 AND C-55, BKC-BANDRA - EAST, MUMBAI-400098	231,300
3.	POSTAL LIFE INSURANCE FUND (Under different sub accounts)	HDFC BANK LTD, CUSTODY SERVICES, LODHA - I THINK TECHNO CAMPUS,OFF FLR 8, NEXT TO KANJURMARG STN- KANJURMARG EAST MUMBAI-400042	171,500
4.	SBI MUTUAL FUND (Under different sub accounts)	SBI SG GLOBAL SECURITIES SERVICES PL, JEEVAN SEVA ANNEXE BUILDING, GR FLOOR, S V ROAD- SANTACRUZ WEST, MUMBAI-400054	147,240
5.	SBI LIFE INSURANCE CO. LTD.	HDFC BANK LIMITED CUSTODY SERVICES, LODHA-I THINK TECHNO CAMPUS 8TH FLR, NEXT TO KANJURMARG RAILWAY STATION- KANJURMARG E MUMBAI-400042	114,260

Sr. No.	Name of the debenture holder	Address	Aggregate Amount (Rs. in lacs)
6.	HINDUSTAN ZINC LIMITED	YASHAD BHAVAN, UDAIPUR-313004	105,000
7.	UTI MUTUAL FUND (Under different sub accounts)	UTI MUTUAL FUND, UTI ASSET MANAGEMENT COMPANY LTD, DEPT. OF FUND ACCOUNTS, UTI TOWER, GN BLOCK-BKC, BANDRA (EAST), MUMBAI- 400051	79,680
8.	NPS TRUST (Under different sub accounts)	C/O LIC PENSION FUND LIMITED,1ST FLOOR, PLOT NO.194, VEER NARIMAN ROAD, INDUSTRIAL ASSURANCE BUILDING- CHURCHGATE, MUMBAI-400020	84,359.63
9.	HDFC TRUSTEE CO. LTD.	HDFC BANK LTD CUSTODY SERVICES, LODHA I THINK TECHNO CAMPUS OFF, FLR 8, NEXT TO KANJURMARG RLY STN-KANJURMARG - E MUMBAI-400042	79,200
10.	LIFE INSURANCE CORPORATION OF INDIA / LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	INVESTMENT DEPARTMENT, 6TH FLOOR, WEST WING, CENTRAL OFFICE,YOGAKSHEMA, JEEVAN BIMA MARG- MUMBAI-400021	66,602

9. Statement of the aggregate number of securities of our Company and its associates purchased or sold by our Promoter/ Promoter Group, our Directors and/or their relatives within six months immediately preceding the date of filing the Draft Shelf Prospectus

On June 27, 2019 and on June 28, 2019, our Promoter acquired an aggregate number of 331,924 Equity Shares in the Company and Shriram Financial Ventures (Chennai) Private Limited, a company forming part of the promoter group, acquired an aggregate number of 50,037 Equity Shares in the Company. Post such acquisition, SCL holds 59,504,947 Equity Shares in the Company aggregating 26.23% of the paid-up capital and Shriram Financial Ventures (Chennai) Private Limited holds 50,037 Equity Shares in the Company aggregating 0.02% of the paid-up capital. For further details on our Promoter and promoter group, please refer to the section titled “Our Promoter” on page 140 of this Draft Shelf Prospectus.

10. Debt - equity ratio

The debt equity ratio prior to this Issue is based on a total outstanding debt of Rs. 8,791,439.67 lacs and total equity amounting to Rs. 1,583,628.18 lacs as on March 31, 2019. The debt equity ratio post the Issue (assuming subscription of Rs. 1,000,000.00 lacs) is 6.18 times, based on a total outstanding debt of Rs. 9,791,439.67 lacs and total equity of Rs. 1,583,628.18 lacs as on March 31, 2019.

(Rs. in lacs)

Particulars	Prior to the Issue (A)	Proposed proceeds from the Issue* (B)	Post the Issue* (A+B)
Borrowing:			
Debt Securities	3,418,175.01	1,000,000.00	4,418,175.01
Borrowings	3,718,929.88	-	3,718,929.88
Deposits	1,034,146.68	-	1,034,146.68
Subordinated liabilities	620,188.10	-	620,188.10
Total Borrowings	8,791,439.67	1,000,000.00	9,791,439.67
Total equity:			
Equity share capital	22,690.67	-	22,690.67
Other equity	1,560,937.51	-	1,560,937.51
Total equity	1,583,628.18	-	1,583,628.18
Debt Equity Ratio	5.55		6.18

* The debt-equity ratio post the Issue is indicative and is on account of assumed inflow of Rs. 1,000,000 lacs from the Issue, as on March 31, 2019 and does not include contingent and off-balance sheet liabilities. The actual debt- equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

For details on the total outstanding debt of our Company, please see “Disclosures on Existing Financial Indebtedness” beginning on page 143 of this Draft Shelf Prospectus.

11. Change in the Promoter holding in our Company during the last financial year.

In terms of the SEBI circular dated September 15, 2015 on “Disclosures to be made by NBFCs in the Offer Documents for public issue of Debt Securities under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008”, NBFCs are required to disclose any change in promoter’s holdings during last financial year beyond the threshold limit of 26% as prescribed by the RBI. There is no change in the Promoter holding in our Company during the last financial year.

12. Details of Director shareholding in the Associate Company as on March 31, 2019.

Nil

13. Stock Option Plans

The Company does not have any employee stock option scheme in place.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending, financing, and for repayment/ prepayment of interest and principal of existing borrowings of the Company; and
2. General corporate purposes.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

(Rs. in lacs)	
Description	Amount
Gross Proceeds of the Issue	As per relevant Tranche Prospectus
Less: Issue Related Expenses	As per relevant Tranche Prospectus
Net Proceeds	As per relevant Tranche Prospectus

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing, and for repayment/ prepayment of interest and principal of existing borrowings of the Company [#]	At least 75%
2.	General Corporate Purposes*	Maximum of up to 25%
	Total	100%

[#] Our Company shall not utilise the proceeds of the Issue towards payment of prepayment penalty, if any

*The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the Debt Regulations.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim Use of Proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2019-20, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Draft Shelf Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Other confirmations

All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account maintained with the Public Issue Account Bank, as referred to in Section 40(3) of the Companies Act.

In accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person or entity who is a part of the same group as our Company or who is under the same management of our Company.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors, Key Managerial Personnel, or companies promoted by our Promoters. Neither the Promoter nor the Directors of our Company are interested in the Objects of this Issue.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property. The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

The allotment letter shall be issued or application money shall be refunded in accordance with the applicable law failing which interest shall be due to be paid to the Applicants at the rate of 15% per annum for the delayed period.

Details of all monies unutilised out of the monies to be raised through this Issue, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the Issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.

Details of all monies utilised out of the monies to be raised through this Issue, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.

We shall utilize the Issue proceeds only (a) receipt of minimum subscription, i.e. 75% of the Base Issue pertaining to each Tranche Issue; (b) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (c) creation of security; and (d) obtaining Listing and Trading approval as stated in this Draft Shelf Prospectus in the section titled "*Issue Structure*" beginning on page 183 of this Draft Shelf Prospectus.

STATEMENT OF TAX BENEFITS

June 29, 2019

To,

The Board of Directors

Shriram Transport Finance Company Limited

Wockhardt Towers, 3rd Floor, West Wing

G Block, Bandra-Kurla Complex

Bandra (East), Mumbai 400051

Maharashtra, India

(the “Company”)

Dear Sirs,

Sub: Statement of tax benefits in relation to proposed public issue (“Issue”) of secured, redeemable, non-convertible debentures (“NCDs”) by Shriram Transport Finance Company Limited

1. We, Haribhakti & Co. LLP, Chartered Accountants, and Pijush Gupta & Co., Chartered Accountants, the joint statutory auditors of the Company have performed the procedures agreed with you, *vide* the engagement letter dated June 04, 2019, and enumerated in paragraph 2 below with respect to the possible tax benefits available to the Debenture Holder(s), under the Income Tax Act, 1961, as amended (the “I.T. Act”) and Income tax Rules, 1962 including amendments made by Finance Act 2019 as applicable for the financial year 2019-20, presently in force in India, in the enclosed Annexure I. Our engagement was performed in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India.
2. We have performed the following procedures:
 - i. Read the statement of tax benefits as given in Annexure I, and
 - ii. Evaluated with reference to the provisions of the I.T. Act to confirm that the same is in accordance with our interpretation of the existing tax laws and provisions.
3. Because the above procedures do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, we do not express any assurance on the subject.
4. Had we performed additional procedures, or had we performed an audit or review of the financial information in accordance with generally accepted auditing standards of India, other matters might have come to our attention that would have been reported to you.
5. We confirm that the Statement of Tax Benefits as set out in Annexure I materially covers all the provisions of the I.T. Act as amended, with respect to Debenture Holder(s).
6. The amendments made by the Finance Act, 2019 have been incorporated to the extent relevant in the enclosed Annexure I.
7. Several of these benefits are dependent on the Debenture Holder(s) fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holder(s) to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Debenture Holder(s) would face in the future. The Debenture Holder(s) may or may not choose to fulfill such conditions.
8. The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which a debenture holder can avail. Neither are we suggesting nor are we advising the debenture holders to invest

money based on this statement.

9. Our views are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.
10. We do not express any opinion or provide any assurance as to whether:
 - The Company or its debenture holders will continue to obtain these benefits in future; or
 - The conditions prescribed for availing the benefits, where applicable have been or would be met with;
 - The revenue authorities/courts will concur with views expressed herein.
11. The preparation of the contents stated is the responsibility of Company's management. We accept no responsibility to debenture holders or any third party and this should be stated in the Draft Shelf Prospectus, Shelf Prospectus and/or Prospectus and/or Tranche Prospectus(es). The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.
12. No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation which could vary from others, and which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.
13. This statement has been issued at the request of the Company in connection with the proposed issue of secured, redeemable NCDs for inclusion in the offer documents to be filed with the Securities and Exchange Board of India, the National Stock Exchange of India Limited and the BSE Limited or any other regulatory authorities, as required.

For **Haribhakti & Co. LLP**
Chartered Accountants
Firm Registration Number: 103523W / W100048

For **Pijush Gupta & Co.**
Chartered Accountants
Firm Registration Number: 309015E

Sumant Sakhardande
Partner
Membership No: 034828
Mumbai
June 29, 2019

Sangeeta Gupta
Partner
Membership No: 064225
Mumbai
June 29, 2019

Encl.: Annexure I

ANNEXURE I

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested as defined in Section 2(18)(b)(B) of the Income Tax Act, 1961, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

This statement has been prepared solely in connection with the Issue under the Regulations as amended.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. Under the Income-Tax Act, 1961 ("I.T. Act")

I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. Income tax is deductible at source at the rate of 10% at the time of credit/ payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
 - a) Any security issued by a Company in a dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
 - b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed Rs. 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
 - c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
 - d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.
3. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer, else same is treated as short term capital asset.
4. As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition.

As per the fourth proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

5. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.
6. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
7. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.
8. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act

II Tax benefits available to the Non-Resident Debenture Holders

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

Meaning

- (a) As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

Interest and capital gains on transfer

- (a) As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition.

Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

- (b) As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the new assets are transferred or converted into money.

Other relaxations

- (a) As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
 - (b) As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,
- (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
 - (b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
 - (c) Where debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian.
4. The income tax deducted shall be increased by surcharge as under:
- (a) In the case of non-resident Indian, surcharge at the rate of 10% of such tax liability (if net income exceeds Rs. 50,00,000 and does not exceed Rs. 1,00,00,000) and 15% of such tax liability (if net income exceeds Rs. 1,00,00,000) subject to deduction.
 - (b) In the case of foreign companies, surcharge at the rate of 2% of such tax liability where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000, surcharge at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 10,00,00,000.
 - (c) Further health and education cess on the total income tax (including surcharge) is also deductible.
5. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains.

Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

6. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 195 of the I.T. Act.
7. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate ("TRC"), is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013, a self-declaration in Form 10F would need to be provided by the assessee along with TRC.
8. Alternatively, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.

III Tax benefits available to the Foreign Portfolio Investors ("FPIs")

1. As per Section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
3. Income other than capital gains arising out of debentures is taxable at 5% (in cases where section 194LD is applicable) / 20% (in other cases) (plus applicable surcharge and cess) in accordance with and subject to the provisions of Section 115AD of the I.T. Act.
4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% (plus applicable surcharge and cess) on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified by the Government.
5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FPIs.
6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

IV Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf. Further, as per the provisions of Section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

V Exemption under Sections 54EE and 54F of the I.T. Act

1. As per provisions of Section 54EE of the I.T. Act, long term capital gains arising to debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified units within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified units are transferred within three years from their date of acquisition, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which such debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs.
2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

VI Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.
2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIIB (“deductee”) to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
 - (a) at the rate specified in the relevant provision of the I.T. Act; or
 - (b) at the rate or rates in force; or
 - (c) at the rate of twenty per cent.
3. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).
4. A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (1) above in such a case.
5. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (1) above will apply apart from penal consequences.

VII Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April, 2017:

- (a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

- (b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;
- (c) shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

VIII General Anti-Avoidance Rule ('GAAR')

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter alia denial of tax benefit, applicable w.e.f 1-04-2017. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

NOTES:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2019.
2. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
3. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the nonresident has Fiscal domicile.
4. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.
5. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds Rs. 50 lacs but does not exceed Rs. 1 crore and at the rate of 15% on tax where the total income exceeds Rs. 1 crore.
6. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 1 crore.
7. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 12% on tax where the income exceeds Rs. 10 crores.
8. Surcharge is levied on every company other than domestic companies at the rate of 2% on tax where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 5% on tax where the income exceeds Rs. 10 crores.
9. Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.
10. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.
11. The above statement sets out the provisions of law in a summary manner only and is not complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
12. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.
13. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV ABOUT THE ISSUER AND THE INDUSTRY

INDUSTRY

Unless noted otherwise, the information in this section has been obtained or derived from the ICRA Report, the India Ratings Report as well as other industry sources and government publications. All information contained in the ICRA Report has been obtained by ICRA from sources believed by them to be accurate and reliable. Although reasonable care has been taken by ICRA to ensure that the information in the ICRA Report is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion. It must be noted ICRA is not liable for investment decisions which may be based on the views expressed in this report. All information contained in the India Ratings Report has been obtained by India Ratings from sources believed by them to be accurate and reliable. Although reasonable care has been taken by India Ratings to ensure that the information in the India Ratings Report is true, such information is provided 'as is' without any warranty of any kind, and India Ratings in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion. It must be noted India Ratings is not liable for investment decisions which may be based on the views expressed in this report.

The industry information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in the Draft Prospectus.

Overview of the Indian Economy

India Ratings expects GDP growth to be only a tad higher at 7.5% in FY20. Post demonetisation and GST implementation, the agency had expected FY19 to be a year of quick recovery and indeed the recovery has been sharp with GDP growth coming in at 7.2% (FY18: 6.7%). India Ratings believes GDP growth would have been even better but for the global headwinds caused by (i) an abrupt rise in crude oil prices and (ii) strengthening of USD and hiccups faced on the domestic front due to (i) frequent revisions in GST rates, (ii) continued agrarian distress, (iii) slow progress on Insolvency and Bankruptcy Code cases, and (iv) liquidity crunch faced by non-banking finance companies post IL&FS saga. However, GDP growth in FY20 will be more dispersed and evenly balanced across sectors as well as demand-side growth drivers.

Over the past few years, private final consumption expenditure and government final consumption expenditure have been the primary growth drivers of Indian economic growth. India Ratings believes investments are slowly but steadily gaining traction with gross fixed capital formation growing 12.2% in FY19 and projected to clock 10.3% in FY20. This is certainly a comforting development, but the flip side of this development is that it is primarily driven by the government capex, as incremental private corporate capex has yet to revive. An India Ratings study of top 200 listed and unlisted non-financial asset-heavy corporates suggests that private sector capex is unlikely to revive before FY21. India Ratings believes that due to the slowdown in private corporate and household capex, the GDP growth has failed to accelerate and sustain itself close to or in excess of 8.0%.

Like FY19, the agency expects all major sectors namely agriculture, industry and services to contribute to gross value added (GVA) growth in FY20 from the supply side. However, key support to the GVA growth is expected to come from services, followed by industry and they are expected to grow at 8.3% and 7.4%, respectively, in FY20. Under normal monsoons, agricultural GVA is expected to grow at 3.0%. All this would translate into overall GVA growth of 7.3% in FY20 compared to 7.0% in FY19.

Overall, the pressure on wholesale/retail inflation is likely to remain benign, subject to normal monsoons and Indian crude oil basket averaging about USD55/barrel. India Ratings expects wholesale and retail inflation to average 3.4% and 4.3%, respectively, in FY20 (FY19: 4.9% and 3.5%). This may prompt the Reserve Bank of India to change its policy stance from calibrated tightening to neutral in the February 2019 monetary review, but

the agency believes a rate cut will happen in FY20. Besides being data dependent, its timing will be influenced by the government stance on the fiscal front. Slippage on the fiscal front looks imminent, with fiscal deficit rising to 3.5% of GDP in FY19 instead of budgeted 3.3%. Also, there is a likelihood of a fiscal package for distressed farmers in the FY20 budget. In case the government decides to pay INR10,000/acre/year to small and marginal farmers, under ceteris paribus condition, this will push fiscal deficit of the central government by 72bp in FY20. Though not an easy option, if opted it will delay the rate cut process.

India Ratings expects the benchmark 10 year G-sec bond yields to be in the 7.3%-7.4% range by FYE20, compared to 7.5%-7.6% by FYE19.

Aided by the softening of crude oil prices, India Ratings expects current account deficit to decline to 1.9% of GDP in FY20 from 2.4% of GDP in FY19. Even capital account is expected to record a surplus supported by foreign direct investments, foreign portfolio investments and banking capital inflows. This will help rupee to average 71.36 against the USD in FY20.

Economic Outlook FY20							
(% change, yoy)	FY14	FY15	FY16	FY17	FY18	FY19	FY20
GVA at FY12 prices	6.1	7.2	8.1	7.1	6.5	7	7.3
- Agriculture	5.6	-0.2	0.6	6.3	3.4	3.8	3
- Industry	3.8	7	9.8	6.8	5.5	7.8	7.4
- Services	7.7	9.8	9.6	7.5	7.9	7.3	8.3
Real GDP	6.4	7.4	8.2	7.1	6.7	7.2	7.5
- Private final consumption expenditure	7.3	6.4	7.4	7.3	6.6	6.4	7.3
- Government final consumption expenditure	0.6	7.6	6.8	12.2	10.9	9.2	10.8
- Gross fixed capital formation	1.6	2.6	5.2	10.1	7.6	12.2	10.3
Nominal GDP	13	11	10.4	10.8	10.1	12.3	11.3
Average wholesale inflation	5.2	1.3	-3.7	1.7	2.9	4.9	3.4
Average retail inflation	9.4	5.9	4.9	4.5	3.6	3.5	4.3
Year-end interest rate (10-yr G-sec)	8.8	7.8	7.5	6.7	7.4	7.5-7.6	7.3-7.4
Average exchange rate (INR/USD)	60.5	61.14	65.47	67.07	64.45	69.79	71.36
Fiscal deficit (central government, % of GDP)	4.4	4	3.9	3.5	3.5	3.5	3.3
Current account deficit (% of GDP)	1.7	1.3	1.1	0.6	1.9	2.4	1.9
Source: India Ratings, Central Budget, Central Statistics Office and Reserve Bank of India							

(Source: Credit Outlook FY20 published by India Ratings in March 2019)

Overview on NBFC's in India

Classification

NBFCs are classified on the basis of a) their liability structures; b) the type of activities they undertake; and c) their systemic importance. In the first category, NBFCs are further subdivided into NBFCs-D—which are authorised to accept and hold public deposits— and non-deposit taking NBFCs (NBFCs-ND)— which do not accept public deposits but raise debt from market and banks.

Among NBFCs ND, those with an asset size of Rs. 5 billion or more are classified as NBFCs-ND-SI. At the end of September 2018, there were 108 NBFCs-D and 276 NBFCs-ND-SI as compared with 168 and 230, respectively, at the end of March 2018.

NBFCs can also be categorised on the basis of activities undertaken as they typically focus on niche segments and fulfil sector— specific requirements. Consequently, their varied business models require appropriate modulation of the regulatory regime. Till 2010, the NBFC sector was divided into five categories viz., asset finance companies; loan companies; residuary non-banking companies; investment companies and mortgage guarantee companies. Since then, however, newer types of activity have been added to the NBFC space. At the end of September 2018, there were 12 activity-based classifications of NBFCs.

Table VI.1: Classification of NBFCs by Activity

Type of NBFC	Activity
1. Asset Finance Company (AFC)	Financing of physical assets including automobiles, tractors and generators.
2. Loan Company	Provision of loan finance.
3. Investment Company	Acquisition of securities for purpose of selling.
4. NBFC-Infrastructure Finance Company (NBFC-IFC)	Provision of infrastructure loans.
5. NBFC-Systemically Important Core Investment Company (CIC-ND-SI)	Makes investments and loans to group companies.
6. Infrastructure Debt Fund-NBFC (IDF-NBFC)	Facilitation of flow of long-term debt into infrastructure projects.
7. NBFC-Micro Finance Institution (NBFC-MFI)	Credit to economically dis-advantaged groups.
8. NBFC-Factor	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount.
9. NBFC-Non-Operative Financial Holding Company (NOFHC)	Facilitation of promoters/ promoter groups in setting up new banks.
10. Mortgage Guarantee Company (MGC)	Undertaking of mortgage guarantee business.
11. NBFC-Account Aggregator (NBFC-AA)	Collecting and providing information about a customer's financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer.
12. NBFC-Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise funds.

Source: RBI.

Ownership Pattern

NBFCs-ND-SI constitute 84.8 per cent of the total assets of the NBFC sector. Within the NBFCs-ND-SI sphere, government owned NBFCs hold more than a third assets, indicating their systemic importance (Table VI.2). During 2017-18, the regulatory requirements for government-owned NBFCs—both non-deposit taking and deposit taking—were aligned with those for other NBFCs in a phased manner.

Balance Sheet

The growth of loans and advances, constituting about three-fourth of total assets of NBFCs-ND-SI, accelerated in 2017-18 and 2018-19 (up to September). While the retail and the services sectors were the driving forces, loan books also expanded due to credit to medium and large industries sector. The more active role of these entities in 2017-18 and 2018-19 (up to September) is attributable to improved credit demand due to revival in manufacturing and service activity, coupled with robust consumption demand, and the tepid performance of equity markets.

Sectoral Credit

Industry accounts for more than half of total credit extended by NBFCs, followed by retail, services and agriculture. A significant part of the credit to industry is provided by government-owned NBFCs, especially by NBFCs-IFC.

Retail loans of NBFCs grew at a robust 46.2 per cent during 2017-18—on top of a growth of 21.6 per cent during 2016-17—reflecting upbeat consumer demand, especially in the vehicle loans segment. Credit to the services sector was driven mainly by commercial real estate and retail trade. The growth in lending to commercial real estate is noteworthy in view of a sharp deceleration in SCBs' credit to this sector. Credit to agriculture and allied activities revived during 2017-18, reflecting the low base of the preceding year. NBFCs' lending to the MSME sector was also robust, compensating for the deceleration in SCBs' credit (Table VI.6). Increasingly, NBFCs are looking for newer avenues to diversify their lending portfolios.

Resource Mobilisation

The major sources of resource mobilisation of NBFCs-ND-SI have been debentures and bank borrowings with the latter being preferred during 2017-18 and in 2018-19 (up to September), in contrast to the larger recourse to debentures in 2016-17. The share of CPs which declined during 2017-18 turned around in H1:2018-19 partly replacing the reduction in share of debentures. The compositional shift in borrowings in 2017-18 was mainly due to rising yields, which adversely affected the cost of market borrowings, especially of CPs, while lending rates of banks fell in the monetary easing cycle, making borrowing from banks more attractive. Secondly, lending to NBFCs especially to those with high credit ratings and better financial performance—presented a lucrative business alternative to banks in an environment characterised by rising non performing assets (NPAs) and pervasive risk aversion.

Financial Performance of NBFCs

NBFCs' profitability improved during 2017-18 and 2018-19 (up to September) mainly due to an increase in fund-based income. The income of NBFCs-D increased faster than that of NBFCs-ND-SI in 2017-18. While the cost to income ratio of NBFCs and in particular of NBFCs-D declined, reflecting improvement in operational efficiency, this ratio rose in respect of NBFCs-ND-SI pointing to the increasing operating costs. In H1:2018-19, net profits of NBFCs-ND-SI decelerated mainly due to increased expenditure.

Asset Quality

Since November 2014, the asset classification norms of NBFCs have been incrementally aligned with those of banks, leading to higher NPA recognition. During 2017-18, however, there has been an improvement in asset quality, with a part of the portfolio of assets classified as NPAs in 2016-17 being upgraded to standard assets. As a result, both the gross nonperforming assets (GNPAs) ratio and the net non-performing assets (NNPAs) ratio declined during 2017-18. In quarter-ended September 2018, however, since the GNPA ratio deteriorated marginally, NBFCs made larger provisions and hence, the NNPA ratio improved.

Capital Adequacy

NBFCs are generally well capitalised, with the system level capital to risk-weighted assets ratio (CRAR) remaining well above the stipulated norm of 15 per cent. During 2017-18, the NBFC sector's CRAR improved further. In 2018-19 (up to September), however, their capital positions moderated somewhat due to the increase in non-performing assets.

(Source: RBI: Report on Trend and Progress of Banking in India 2017-18 submitted by the RBI Governor on December 28, 2018 to the Ministry of Finance)

Credit Outlook on NBFCs

India Ratings has a stable outlook on the retail non-banking financial company (NBFC) sector and a negative outlook for wholesale NBFCs (especially lenders to real estate players) and large ticket housing.

India Ratings expects NBFCs to witness margin pressures in FY20. Over the years, NBFCs have increased reliance on short-term borrowings, while reducing on-balance sheet liquidity. This was done to shore up profitability, which had been reeling under the pressure of higher credit cost and falling yields. However, the recent liquidity crisis has given rise to funding challenges, which may prompt NBFCs to overhaul their balance sheets, at least partially, by replacing short-term borrowings with long-term funds. In terms of passing on the rise in funding cost, India Ratings believes retail NBFCs are better placed than wholesale NBFCs. Housing finance companies will face contraction in their margins in the large ticket housing segment. Earlier, the margin pressure had been partly offset through higher yields on non-housing loan books; however, this segment is likely to face growth-related challenges in FY20.

India Ratings expects NBFCs to register tepid growth in FY20 due to slower traction in segments such as auto and real estate. The current capital buffers and internal accruals are estimated to be sufficient to take care of the resultant growth requirements. India Ratings's stress test for the standalone higher-rated NBFCs shows reasonable resilience in the event of short-term liquidity tightness and a spike in delinquencies; the stress case equity buffers would largely remain comfortable in such a scenario.

India Ratings expects the performance of collateral-backed MSME loans to continue to deteriorate, leading to the outlook for the segment being revised to negative from stable-to-negative. The lenders are grappling with moderation in real estate prices, resulting in lower balance transfers and less-than-expected recoveries for repossessed assets. Lenders' over-reliance on collateral comfort rather than business cash flows of prospective borrowers, which had been stretched during demonetisation and formalisation of income post GST implementation, has led to the current spate of continuing defaults.

For tractor loans, India Ratings does not anticipate any further improvement in delinquencies in the near term, as the borrowers continue to grapple with less-than-normal monsoons and falling prices of agricultural produce, as evident from lower food inflation. In the past, despite an increase in fuel prices, asset quality in the commercial vehicles (CV) segment did not deteriorate. The asset quality for CVs is unlikely to deteriorate in FY20 as well because of adequate fleet utilisation for lower tonnage vehicles. CV sales are expected to remain muted amidst sufficient system capacity. For microfinance NBFCs, loan collection and delinquency performance are expected

to return to and remain at the pre-demonetisation levels; however, the NBFCs would exercise caution while foraying into new geographies. Wholesale NBFCs, especially those financing real estate developers, could face heightened credit cost pressures due to a prolonged slowdown in the real estate sector and lower refinancing in the wake of weak system-wide liquidity.

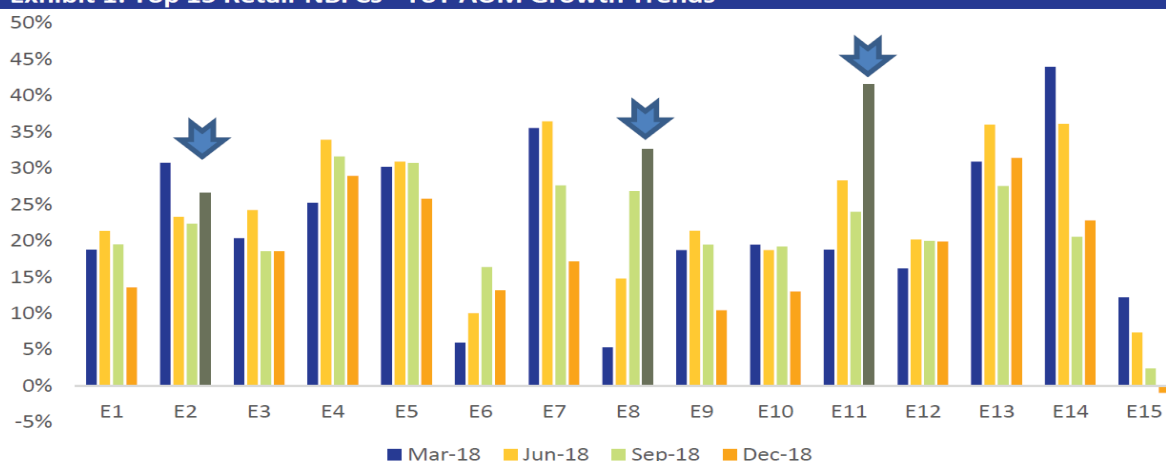
(Source: Credit Outlook FY20 published by India Ratings in March 2019)

Overview of Retail Credit in India

Credit to grow at 15-17% in FY2020

Retail NBFC credit growth slows in Q3 FY2019

Exhibit 1: Top 15 Retail-NBFCs - YoY AUM Growth Trends

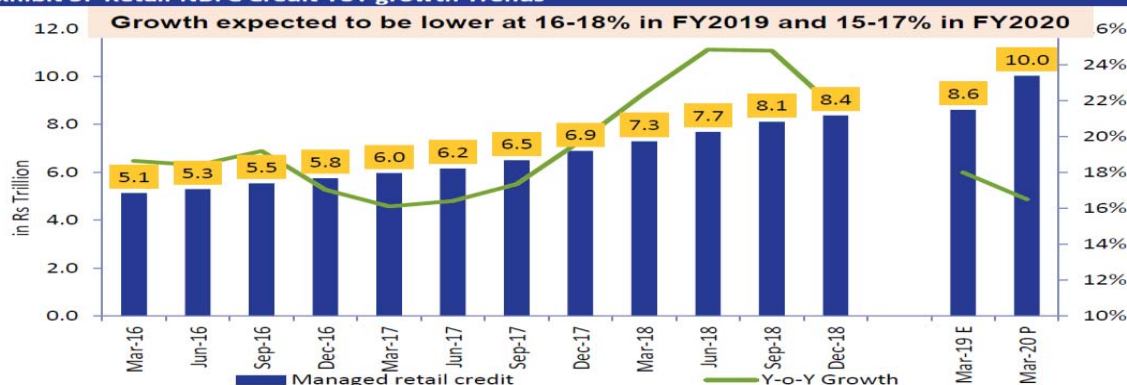


Source ICRA research, company/company investor presentations

The AUM of retail-NBFCs grew at a slow pace of 3.3% in Q3 FY2019, the slowest in the last 10 quarters, as liquidity tightened, and entities moderated their disbursements. The sharp reduction comes on the back of the high QoQ growth registered during the previous 4-5 quarters. Retail-NBFC performance during September 2017-June 2018 was buoyed by comfortable market liquidity, which supported business expansion. NBFCs also witnessed an improvement in their asset quality indicators, especially over the last year or so, which further supported their overall risk profile and growth.

Retail-NBFCs registered a healthy credit growth of 22% in FY2018. The strong growth trend continued in H1 FY2019, as credit grew by about 24-25% YoY, the highest in the last 4-5 years. Retail-NBFC credit stood at Rs. 8.4 trillion (excluding Capital First Limited, which merged with IDFC Bank in December 2018) as on December 31, 2018. The growth uptrend was witnessed more strongly from Q3 FY2018 as the impact of GST implementation and the spill-over effects of demonetisation on some key asset segments waned.

Exhibit 5: Retail-NBFC Credit YoY growth Trends



Source: ICRA research, company/company investor presentations; Note: AUM excludes Capital First Limited, which merged with IDFC Bank in December 2018

Note: NBFC credit excludes entities converted to banks and SFBs

NBFCs shored up liquidity and created adequate on-balance sheet buffers and slowed down their business growth. Faced with higher cost of funds, the entities are becoming less competitive in some key asset classes (new, medium & heavy CVs (M&HCVs), passenger vehicles (PVs), construction equipment (CE) and higher-ticket LAP/ secured SME finance or business loans.

ICRA expects the credit growth to remain moderate till H1 FY2020 and revive only in H2 FY2020. The AUM of Retail-NBFCs would register a growth of 16-18% in FY2019 while the growth would moderate further in H1 FY2020 because of the ongoing liquidity conditions and the general elections in Q1 FY2020. Revival could be anticipated in H2 FY2020. ICRA expects the NBFC credit growth in FY2020 to be about 15-17% and NBFC-Retail credit to touch Rs 10 trillion, growth rate could be higher if the fund flow to NBFCs improves.

(Source: CR-NBFC – Retail & Commercial Finance – Q2-April 2019)

Indian Automobile Industry

Commercial Vehicles:

Commercial Vehicles: Weakness in the CV industry worsens as domestic sales declined by 10% in May 2019 with subdued demand for Goods Carrier

The domestic CV industry has been reeling from the impact of multiple headwinds since November 2018, and this has further intensified in the current Fiscal with volumes contracting by 8% in 2m FY2020. Overcapacity in the system post the revision in axle load norms in the previous Fiscal, and tightening financing environment on the back of the liquidity crunch in the economy have played spoilsport in the Goods carrier market. Additionally, market sentiments remain weak, with slowing economic growth impacting the freight availability. Coupled with tepid freight rates and high fuel costs, the viability pressure on SFOs has increased over recent months. The interplay of these various factors has resulted in contraction in the M&HCV (Truck) volumes in May 2019 as well, with pressure largely visible in the HCV segment (>12T). Although the LCV (Truck) segment was relatively less impacted by the revision in axle load norms, volumes started coming under pressure from the beginning of FY2020, with the tight liquidity scenario and slowing consumption trends impacting the segment. Consequently, it declined by 4.6% in May 2019. The bus segment reported flat sales in May 2019, with divergent trends visible in LCV and M&HCV bus sales.

Exhibit 1: Trend in Domestic Commercial Vehicle Sales

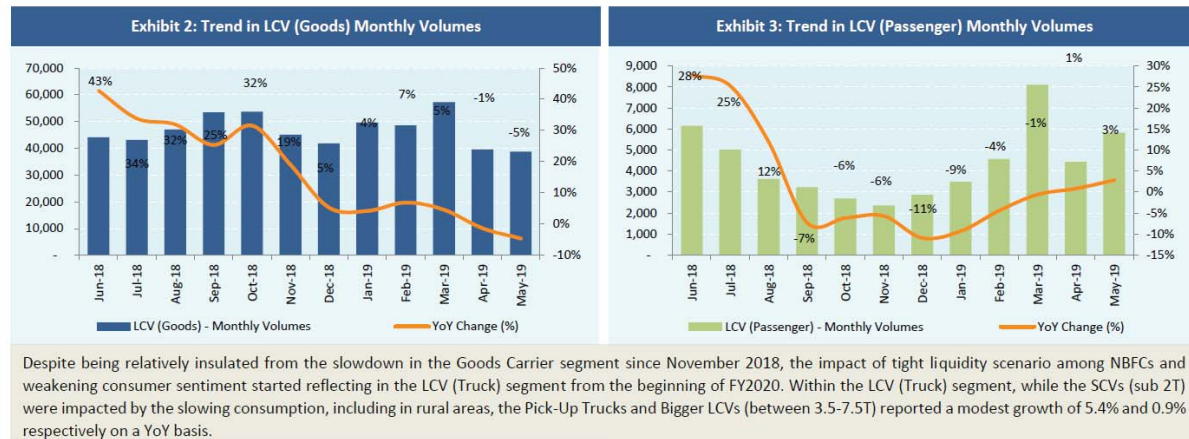
Industry Volumes	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY2018	FY2019	May 2018	May 2019
M&HCV Trucks	221,776	161,909	195,918	258,488	255,257	304,664	351,128	26,444	20,649
LCV Trucks	476,695	389,434	337,377	334,371	360,765	467,133	564,409	40,684	38,803
Buses	94,740	81,508	81,653	92,845	98,060	85,119	91,782	9,389	9,395
Total	793,211	632,851	614,948	685,704	714,082	856,453	1,007,319	76,517	68,847
Growth (%) – YoY									
M&HCV Trucks	-25.9%	-27.0%	21.0%	31.9%	(1.2%)	19.4%	15.3%		(21.9%)
LCV Trucks	15.9%	-18.3%	-13.4%	-0.9%	7.9%	29.5%	20.8%		(4.6%)
Buses	-4.1%	-14.0%	0.2%	13.7%	5.7%	(13.7%)	7.8%		0.1%
Total	-2.0%	-20.2%	-2.8%	11.5%	4.2%	19.9%	17.6%		(10.0%)

Source: SIAM Data, ICRA research

Outlook: Domestic CV industry facing challenges in the near-term but pre-buying to support recovery in FY2020

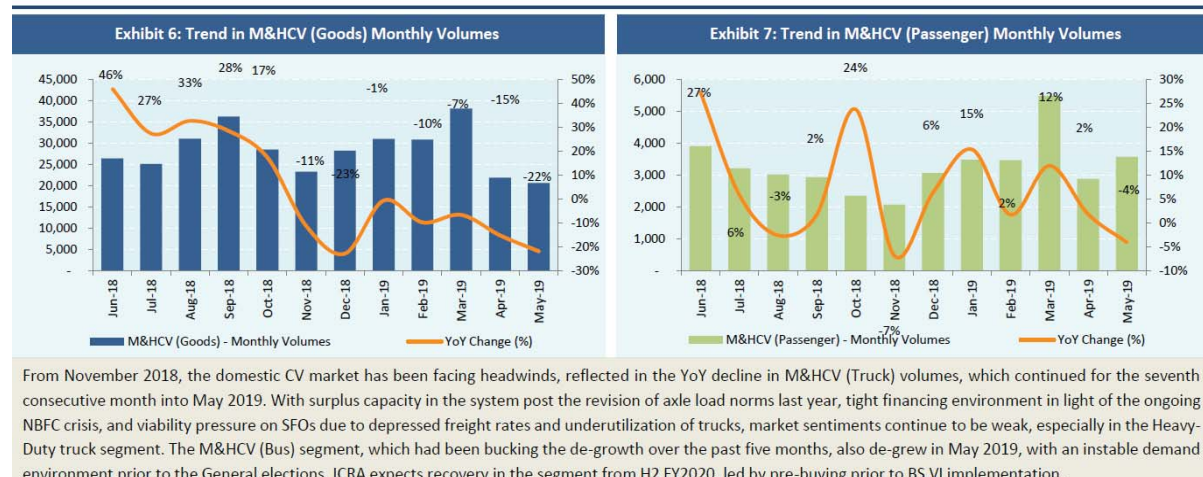
ICRA expects the impact of aforementioned factors to play out in the near-term before the demand environment stabilizes going forward with a stable government at the center. The outlook for FY 2020 remains supported by potential pre-buying ahead of the implementation of BS-VI emission norms (from April 2020 onwards) as well as expectation of continued thrust towards infrastructure investments. As vehicle prices are expected to increase by approximately 10-12% (post new norms), the industry is likely to witness pre-buying in H2 FY2020. ICRA expects the M&HCV (Truck) segment to register a growth of 14-16% in volume terms. In the LCV segment, expectation of stable demand from consumption-driven sectors, normal monsoons and investments in the E-commerce space would remain key growth drivers but some moderation in growth momentum is likely owing to high-base. Accordingly, the segment is expected to witness a growth of 9-11% during FY 2020. In the bus segment, the growth is expected to be aided by expectation of replacement-led demand from SRTUs and continuation of improvement in public transport segment across various cities. ICRA expects bus sales to grow by 9-11% in FY2020.

Light Commercial Vehicles: Weakening consumption trends resulted in decline of 4.6% in LCV (Truck) volumes in May 2019



Source: SIAM Data, ICRA Research

Medium & Heavy Commercial Vehicles: Stress in M&HCV (Truck) segment continues into May 2019 with de-growth of 22%



Source: SIAM Data, ICRA Research

(Source: CR- Commercial Vehicles -1- June 2019)

Passenger Vehicles:

Muted retail demand and consequent inventory correction continue to take toll on wholesale dispatches

- Domestic wholesale PV dispatches continue to witness sharp decline amid muted retail demand and inventory destocking at dealership end. While volumes were expected to decline during Q1 FY2020, owing to high base and election related uncertainty, the sharp correction of 20.5% YoY was steeper than expectations. During 2m FY2020, industry volume declined by 18.8% and wholesale volume is expected to remain weak in June 2019 as well. Nevertheless, retail volume performance is relatively better than wholesale growth trend.
- Dealership inventory level has eased to sub 40 days from 50 days, but it remains higher than sub 30 days during normal business cycle. Given moderate fuel prices, stable government and expectation of normal monsoon, the PV demand should recover during H2 FY2020. In line with our expectations, UV sales has outperformed other segments. Discontinuation of MSIL's Omni van, the leader in van segment, will weigh on van segment performance.

Exhibit 1: Segmental volume breakup of domestic passenger vehicle industry					
Industry Volumes	FY 2017	FY 2018	FY2019	Apr-2018	Apr-2019
Passenger Cars	21,03,847	21,74,024	22,18,549	1,99,479	1,47,546
Utility Vehicles	7,61,998	9,22,322	9,41,461	82,086	77,453
MPVs	1,81,737	1,92,235	2,17,426	19,673	14,348
Total	30,47,582	32,88,581	33,77,436	3,01,238	2,39,347
Growth (%) – YoY					
Passenger Cars	3.8%	3.3%	2.0%	19.6%	-26.0%
Utility Vehicles	29.9%	21.0%	2.1%	17.5%	-5.6%
MPVs	2.4%	5.8%	13.1%	29.7%	-27.1%
Total	9.2%	7.9%	2.7%	19.7%	-20.5%
Source: SIAM Data, ICRA's Estimates					

Domestic PV wholesale dispatches declined by 20.5% during May 2019, because of high base effect, subdued demand and uncertainty during election season. While dealership inventory level has eased below 40 days, it remains higher than 30 days average during regular time.

- Passenger Car: Production of two key models i.e. Tata Nano and Hyundai Eon stopped in Dec-2018; hence, their volume contribution was NIL. Discontinuation of Eon impact volume growth in mini segment; however, incremental contribution in compact segment negate overall impact on PC segment.
- Utility Vehicle: After disappointing Q2 and Q3 of FY2019, UV segment recovered in Q4 FY2019, supported by new launches XUV 300 and Harrier. ICRA believes that UV segment will outperform car segment over the medium term.
- Van Segment: Segment's performance is primarily driven by MSIL which alone contributed over 85% of segment's volume. Sales in MPV segment are driven by rural segment, where their growth dynamics are closely linked with SCV passenger carrier rather than PV segment. MSIL Omni, which accounts for bulk of van segment sales has been discontinued which will ultimately weigh on van segment demand over the near term.

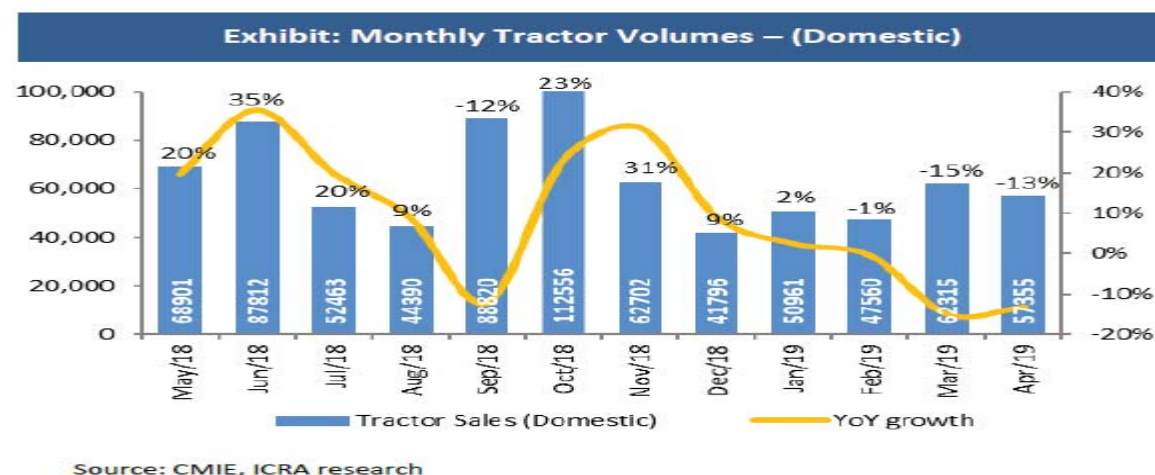
Outlook: Given election related uncertainty as well as high base of Q1 FY2019, the volume growth was expected to be muted in Q1 FY2020. However, stable government formation, stable fuel prices and expected normal monsoon should revive demand during later part of Q2 FY2019. Moreover, there could be some pre-buying witnessed in Q3 and Q4 of FY2020 ahead of BS VI rollout, which should support volume growth.

(Source: CR- Passenger Vehicles -I- June 2019)

Tractors:

Industry volumes continue to decline in April, amid a weakened demand scenario

The demand sentiments in the domestic tractor industry have remained weak over the past few months, with depressed crop prices and weak rabi crop production estimates (decline of 3% yoY) portending weaker rabi crop cash flows. After a marginal contraction in volumes (0.2% on a YoY basis) in February 2019, industry volumes declined by 15% and 13% in March 2019 and April 2019 respectively. While concerns persist regarding weak cash flows continue to persist, fears of an inadequate and delayed monsoon precipitation and a tightening liquidity scenario have also dampened demand.



- The volume growth in the previous Fiscal was led by eastern region; while the region's largest market – Bihar, saw a robust volume growth of ~34% in FY2019, on the back of stable farm cash flows and improved haulage demand, tractor volumes in Assam increased by ~106% in the same period on the back of government subsidy backed purchases.
- The Southern region also grew at a moderate pace, with key markets Andhra Pradesh and Karnataka recoding healthy volume growth; volume growth in the central region remained healthy with the region benefitting from stable farm cash flows.
- The volume growth in the Northern region remained weak in the previous Fiscal; even as Uttar Pradesh, continued to record a healthy volume growth (~14%); Rajasthan struggled with sales remaining flattish in FY2019.
- In the west, even as demand trends in Gujarat remained healthy, Maharashtra market struggled on the back of weak monsoon precipitation (13% contraction in volume in FY2019).
- It must be noted that OEMs stocking strategies during the Fiscal (especially in view of upcoming festive season) vary and the same generally leads to changes in market share for a temporary period.

Exhibit: Region wise distribution

Trend in growth rates across regions

Regions	FY2015	FY2016	FY2017	FY2018	FY2019
North	-10%	-18%	9%	25%	11%
South	-7%	15%	29%	20%	6%
East	-10%	5%	16%	25%	27%
West	-14%	-15%	21%	23%	-2%
Central	-25%	-22%	24%	14%	18%

Region-wise volume mix

Regions	FY2015	FY2016	FY2017	FY2018	FY2019
North	39.9%	36.5%	33.8%	34.6%	34.5%
South	14.4%	18.5%	20.3%	19.9%	19.1%
East	13.0%	15.2%	14.9%	15.2%	17.5%
West	17.5%	16.6%	17.1%	17.2%	15.2%
Central	15.2%	13.2%	13.9%	13.0%	13.8%

Source: Industry Data, ICRA research

Crop Production Estimates

- The Second Advance Estimate of crop production for FY2019, indicated a decline in crop production levels for FY2019; even as kharif crop production is estimated to be 1% higher than previous year, the rabi crop production is expected to represent a 3% decline over the previous year.
- Estimates for pulses production forecast an overall increase in production levels; estimates for other crops however (barring sugarcane) represent a decline in production levels.
- In line with weak rabi sowing trends, following drought conditions across several states, rabi production is expected to decline for every crop.
- Rate of inflation based on WPI Food Index remains subdued; thereby indicating weak crop prices.

Exhibit: Crop Production estimates

Crop	4 th AE	Kharif	Surplus/ Shortfall	4 th AE	Rabi	Surplus/ Shortfall
	FY2018	2 nd AE FY2019		FY2018	2 nd AE FY2019	
Wheat	-	-	-	99.7	99.1	-1%
Rice	97.5	102.0	5%	15.4	13.6	-11%
Coarse Cereals	33.9	31.3	-8%	13.1	11.3	-13%
Pulses	9.3	9.0	-3%	15.9	15.0	-6%
Foodgrains	140.7	142.3	1%	144.1	139.1	-3%
Oilseeds	21.0	21.3	1%	10.3	10.2	0%
Cotton	34.9	30.1	-14%	-	-	-
Sugarcane	376.9	380.8	1%	-	-	-

Source: Ministry of Agriculture. ICRA research: All figures in Mn Tonnes

IMD Monsoon Forecast

- The India Meteorological Department's (IMD's) first stage forecast has predicted that the monsoon precipitation in the upcoming southwest monsoon season (June-September) would be 96% of the long period average (LPA), with an error range of +/-5%.
- Even as weak El Nino conditions are expected to persist in the monsoon season, IMD estimates the impact of the same on the overall precipitation to remain low, estimating a 39% probability of near normal rainfall.
- Contrary to IMD's forecast, Skymet, a private weather forecaster, expects the monsoon to be 'below normal' at levels of 93% of LPA.
- The temporal and spatial distribution of precipitation would remain critical; while a healthy rainfall in the initial part of the monsoon will be crucial for timely sowing given the low reservoir levels, adequate rainfall in the second half of the season would remain important for yields.

Exhibit: IMD Monsoon Forecast

Year	Occurrence	IMD April Forecast (+/- 5% of LPA)	Actual Rainfall (% of LPA)	
2012	Mild EL Nino	99%	92%	Below Normal
2013	Neutral	98%	105%	Above Normal
2014	Neutral	98%	88%	Deficient
2015	El Nino	88%	86%	Deficient
2016	Neutral	106%	97%	Normal
2017	Neutral	96%	95%	Normal
2018	Neutral	97%	91%	Below Normal
2019	Mild EL Nino	96%	-	-

Source: Ministry of Water Resources; ICRA research

Outlook: Industry growth to remain muted in FY2020

Fears continue to persist regarding the adverse impact of a weak and uneven monsoon precipitation on crop output. The second advance estimates indicate a decline in crop production in the current Fiscal, with rabi crop production particularly impacted by drought conditions across several states. Even as the Indian Meteorological Department (IMD) first stage forecast has predicted that the monsoon precipitation would be 96% of the long period average, there remains a likelihood of El Nino impacting the upcoming monsoon performance. A weak monsoon precipitation, if it materializes, would significantly dampen the farm sentiments and constrain industry volumes over the short term. The Union Government initiatives towards doubling farmers' incomes continue to remain a positive and are likely to lend support to industry volumes to an extent.

ICRA expects industry to grow at a muted pace in the current Fiscal (expected growth of 4-5% in the current Fiscal) in the event of normal monsoons. Over the long term, ICRA continues to maintain a long term CAGR estimate of 8-9% for the industry, with the long-term industry drivers remaining intact.

(Source: CR- Tractors Monthly – 1 - May 2019)

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward Looking Statements” on page 12 of this Draft Shelf Prospectus for a discussion of the risks and uncertainties related to such statements and also “Risk Factors” on page 16 of this Draft Shelf Prospectus for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our financial year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year. Unless context requires otherwise, the financial information used in this section for the Fiscals 2018, 2017, 2016 and 2015 is derived from the Standalone Reformatted Financial Statements included in this Draft Shelf Prospectus and the financial information included herein for Fiscal 2019 is based on the Audited Ind AS Financial Statement, included in this Draft Shelf Prospectus. For further information, see “Financial Information” on page 142 of this Draft Shelf Prospectus.

The financial information for Fiscal 2019 (which has been prepared under IND AS) and financial information upto and for the Fiscal 2018 (which has been prepared in accordance with Indian GAAP) are not comparable.

Overview

Our Company was established in 1979 and we have a long track record of over three decades in the commercial vehicle financing industry in India. The Company has been registered as a deposit-taking NBFC with the Reserve Bank of India (RBI) since 4 September 2000 under Section 45IA of the Reserve Bank of India Act, 1934. We are a part of the Shriram group of companies, which has a strong presence in financial services in India, including commercial vehicle financing, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products, such as life and general insurance products and mutual fund products. Notably, our Company registered with Insurance Regulatory and Development Authority of India as a corporate agent to deal in general insurance and life insurance in 2013.

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

Our widespread network of branches across India has been a key driver of our growth over the years. As of March 31, 2019, we had 1,545 branches across India, including most of the major commercial vehicle hubs along various road transportation routes in India. We have also established our presence in 838 rural centres as of March 31, 2019, with a view towards increasing our market share in the pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have also strategically expanded our marketing network and operations by entering into revenue sharing agreements with private financiers in the unorganised sector involved in commercial vehicle financing. As of March 31, 2019, the total number of our employees was 26,630.

We have demonstrated consistent growth in our business and in our profitability. Our Assets Under Management as of March 31, 2018 was Rs. 9,530,602.57 lacs (comprising assets under financing activities of Rs. 8,051,415.05 lacs and loan assets securitised and assigned of Rs. 1,479,187.52 lacs) on a standalone basis as per IGAAP as compared to Asset Under Management of Rs. 7,948,959.34 lacs (comprising assets under financing activities of Rs. 6,619,485.18 lacs and loan assets securitised and assigned of Rs. 1,329,474.16 lacs) as of March 31, 2017. Our Assets Under Management as of March 31, 2019 was Rs. 10,448,227.24 lacs (comprising assets under financing activities of Rs. 10,230,748.58 lacs and loan assets assigned of Rs. 217,478.66 lacs) on a standalone basis as per Ind AS. Our capital adequacy ratio as of March 31, 2019 computed on the basis of applicable RBI requirements was 20.27 per cent. on standalone basis as per Ind AS, compared to RBI stipulated minimum requirement of 15.00 per cent. Our capital adequacy ratio as of March 31, 2018 computed on the basis of applicable RBI requirements was 16.87 per cent. on a standalone basis as per IGAAP, compared to the RBI stipulated minimum requirement of 15.00 per cent. Our Tier I capital as of March 31, 2019 was Rs. 1,575,030.03

lacs on a standalone basis as per Ind AS. Our Tier I capital as of March 31, 2018 on a standalone basis as per IGAAP was Rs. 1,118,620.60 lacs, as compared to Rs. 1,006,142.44 lacs as on March 31, 2017. Our Tier II capital as of March 31, 2019 was Rs.468,816.69 lacs on a standalone basis as per Ind AS. Our Tier II capital on a standalone basis as per IGAAP as of March 31,2018 was Rs. 206,857.19 lacs, as compared to Rs. 115,063.90 lacs as on March 31, 2017. Our Gross NPAs as a percentage of Total Loan Assets as per IGAAP was 9.16 per cent. as of March 31, 2018, as compared to 8.17 per cent as on March 31, 2017 on a standalone basis. Our Net NPAs as a percentage of Net Loan Assets as per IGAAP was 2.83 per cent. as of March 31, 2018, as compared to 2.66 per cent. as on March 31, 2017 on a standalone basis. Our Stage 3 Assets as a percentage of Total Loan Assets as per Ind AS was 8.42 per cent and our Stage 3 Assets net of Stage 3 Provision as a percentage of Net Loan Assets as per Ind AS was 5.68 per cent. as of March 31, 2019 on a standalone basis.

Our total revenue (including exceptional items) as per IGAAP was Rs. 1,241,658.01 lacs in Fiscal 2018, as compared to Rs. 1,083,061.23 lacs in Fiscal 2017 on a standalone basis. Our total income (including exceptional items) as per Ind AS was Rs. 1,554,570.12 lacs as per Ind AS in Fiscal 2019 on a standalone basis. Our net profit after tax as per IGAAP was Rs. 156,802.25 lacs in Fiscal 2018, as compared to Rs. 125,734.25 lacs in Fiscal 2017 on a standalone basis. Our profit after tax was Rs. 256,398.67 lacs as per Ind AS in Fiscal 2019 on a standalone basis.

A summary of our key operational and financial parameters derived from Ind AS financial statements on a consolidated basis for the Fiscal 2019 are as follows:

(Rs. in lacs)	
Parameters⁽¹⁾	Fiscal 2019
Net worth ⁽²⁾	1,593,514.07
Total Borrowings of which	8,791,439.67
Debt Securities	3,418,175.01
Borrowings (other than debt securities)	3,718,929.88
Deposits	1,034,146.68
Subordinated Liabilities	620,188.10
Property, plant and equipment	14,345.82
Other Intangible assets	196.56
Financial assets	10,495,040.83
Non-financial assets	46,855.02
Cash and cash equivalents	102,913.54
Bank balance other than above	295,233.14
Investments	412,553.80
Financial liabilities	8,893,273.91
Non-financial liabilities	52,346.04
Total income	1,554,570.12
Interest Income	1,538,427.83
Finance Costs	751,125.94
Impairment on financial instruments	238,226.19
Profit for the year	257,567.83
Total Comprehensive Income	257,326.58

Notes:

⁽¹⁾ There are no audited numbers available for assets under management and off-balance sheet items on a consolidated basis and therefore these items have not been disclosed.

⁽²⁾ Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

A summary of our key operational and financial parameters derived from IGAAP financial statements on a consolidated basis for the Fiscals 2018 and 2017, as specified below, are as follows:

(Rs. in lacs)		
Parameters⁽¹⁾	Fiscal 2018	Fiscal 2017
Net worth ⁽²⁾	1,254,671.02	1,129,424.84
Total borrowings (Net of Unamortised discount) of which	6,331,915.83	5,307,959.22

Parameters ⁽¹⁾	Fiscal 2018	Fiscal 2017
- Long-term borrowings- Non-Current portion	4,037,592.13	3,369,861.25
- Short Term Borrowings	767,645.96	495,423.75
- Long term borrowing – current maturities	1,526,677.74	1,442,674.22
Fixed Assets	11,995.54	13,422.78
(i) Property, plant and equipment	11,821.76	13,246.45
(ii) Intangible assets	173.78	176.33
Total Non-Current Assets	6,019,913.97	4,935,285.44
Cash and bank balances	363,750.92	444,531.15
Current Investments	-	5,225.25
Total Current Assets	2,828,690.74	2,509,283.52
Total Current Liabilities	2,844,443.22	2,411,605.45
Interest Income	1,211,226.66	1,074,908.06
Interest Expense	523,192.69	504,691.96
Provisions and write-offs	312,211.32	244,432.05
Profit after tax from continuing operations	155,446.22	126,563.41
Net profit after taxes and share of profit of associate	155,674.74	126,563.41

Notes:

⁽¹⁾ There are no audited numbers available for assets under management and off-balance sheet items on a consolidated basis and therefore these items have not been disclosed.

⁽²⁾ Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

A summary of our key operational and financial parameters derived from Ind AS financial statements on a standalone basis for the Fiscal 2019 are as follows:

(Rs.in lacs)

Parameters	Fiscal 2019
Net worth ⁽¹⁾	1,580,866.35
Total Borrowings of which	8,791,439.67
Debt Securities	3,418,175.01
Borrowings (other than debt securities)	3,718,929.88
Deposits	1,034,146.68
Subordinated Liabilities	620,188.10
Property, plant and equipment	14,345.82
Other Intangible assets	196.56
Financial assets	10,482,393.11
Non-financial assets	46,855.02
Cash and cash equivalents	102,913.54
Bank balance other than above	295,233.14
Investments	399,906.08
Financial liabilities	8,893,273.91
Non-financial liabilities	52,346.04
Asset Under Management as per Ind AS ⁽²⁾	10,448,227.24
Off-balance sheet assets as per Ind AS ⁽³⁾	217,478.66
Total income	1,554,570.12
Interest Income	1,538,427.83
Finance Costs	751,125.94
Impairment on financial instruments	238,226.19
Profit for the year	256,398.67
Total Comprehensive Income	256,167.03
Stage 3 Assets as a percentage of Total Loan Assets as per Ind AS (gross of Provisions) (per cent.) ⁽⁴⁾	8.42

Parameters	Fiscal 2019
Stage 3 Asset net of Stage 3 Provision as a percentage of Net Loan Assets as per Ind AS (per cent.) ⁽⁵⁾	5.68
Tier I Capital Adequacy Ratio (per cent.)	15.62
Tier II Capital Adequacy Ratio (per cent.)	4.65

Notes:

⁽¹⁾ Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

⁽²⁾ Asset Under Management as per Ind AS: Total loan assets and loan assets assigned, which continue to be serviced by the transferor.

⁽³⁾ Off-balance sheet assets as per Ind AS: Hypothecation loans assigned till date, which continue to be serviced by the transferor.

⁽⁴⁾ Stage 3 Assets as a percentage of Total Loan Assets as per Ind AS (gross of Provisions): Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.

⁽⁵⁾ Stage 3 Assets net of Stage 3 Provision.

A reconciliation of Net worth derived from IGAAP financial statements on a consolidated basis for the Fiscals 2018 and 2017 is given below

(Rs. in lacs)			
	Particulars	Fiscal 2018	Fiscal 2017
(i)	Share capital	22,690.67	22,690.67
(ii)	Reserves and surplus	1,236,108.34	1,110,502.52
(iii)	Less: Capital reserve	4,100.70	2,761.83
(iv)	Less : Miscellaneous expenditure (to the extent not written off or adjusted)		
	Public issue expenses for non-convertible debentures	27.29	589.71
	Issue expenses for equity shares	-	416.81
	Total (i+ii-iii-iv)	1,254,671.02	1,129,424.84

A summary of our key operational and financial parameters derived from IGAAP financial statements on a standalone basis for the Fiscals 2018 and 2017, as specified below, are as follows:

(Rs. in lacs)		
Parameters	Fiscal 2018	Fiscal 2017
Net worth ⁽¹⁾	1,254,442.51	1,126,454.52
Total borrowings (Net of Unamortised discount)	6,331,915.83	5,311,009.83
of which		
- Long-term borrowings- Non-Current portion	4,037,592.13	3,370,018.31
- Short Term Borrowings	767,645.96	498,313.75
- Long-term borrowings- Current maturities	1,526,677.74	1,442,677.77
Fixed Assets	11,995.54	8,377.61
(i) Property, plant and equipment	11,821.76	8,217.04
(ii) Intangible assets	173.78	160.57
Total Non-Current Assets	6,018,346.58	4,932,721.68
Cash and bank balances	363,750.92	444,068.53
Current Investments	-	5,220.97
Total Current Assets	2,828,690.75	2,507,823.62
Total Current Liabilities	2,844,443.22	2,410,373.56
Assets Under Management as per IGAAP ⁽²⁾	9,530,602.57	7,948,959.34
Off Balance Sheet Assets as per IGAAP ⁽³⁾	1,479,187.52	1,329,474.16
Interest Income	1,211,197.64	1,074,875.50
Interest Expense	523,426.47	504,863.47
Provisions and write-offs	312,211.32	244,432.05
Profit after tax from continuing operations	156,802.25	125,734.25

Parameters	Fiscal 2018	Fiscal 2017
Gross NPA per cent. ⁽⁴⁾	9.16	8.17
Net NPA per cent. ^{(5) (6)}	2.83	2.66
Tier I Capital Adequacy Ratio per cent.	14.24	15.20
Tier II Capital Adequacy Ratio per cent.	2.63	1.74

- (1) *Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
- (2) *Assets Under Management as per IGAAP: Total Loan Assets and loan assets securitised and assigned, which continue to be serviced by the transferor*
- (3) *Off-balance sheet assets as per IGAAP: Hypothecation loans securitised or assigned till date, which continue to be serviced by the transferor.*
- (4) *Gross NPA (per cent.): Gross NPA means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts. Gross NPA per cent. is percentage of Gross NPA to Total Loan Assets as per IGAAP.*
- (5) *Net NPA (per cent.): Net NPA means Gross NPA net off provision held for NPA accounts and provision for diminution in fair value of restructured loans. Net NPA per cent. is percentage of Net NPA to Net Loan assets as per IGAAP.*
- (6) *Net loan assets as per IGAAP: Total loan assets as per IGAAP as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans.*

A reconciliation of Net worth derived from IGAAP financial statements on a standalone basis for the Fiscals 2018 and 2017 is given below

(Rs. in lacs)			
	Particulars	Fiscal 2018	Fiscal 2017
(i)	Share capital	22,690.67	22,690.67
(ii)	Reserves and surplus	1,234,540.96	1,107,532.20
(iii)	Less: Capital reserve	2,761.83	2,761.83
(iv)	Less : Miscellaneous expenditure (to the extent not written off or adjusted)		
	Public issue expenses for non-convertible debentures	27.29	589.71
	Issue expenses for equity shares	-	416.81
	Total (i+ii-iii-iv)	1,254,442.51	1,126,454.52

Corporate Structure

The Company is managed by its board of directors and does not have any holding company or subsidiary company. The Promoter of the Company is Shriram Capital Limited and for details of the Promoter, please refer to page 140 of this Draft Shelf Prospectus.

Gross Debt Equity Ratio of the Company:

Parameters	
Before Issue of the Debt Securities (In Times)	5.55
After Issue of the Debt Securities (In Times) *	6.18

**The debt-equity ratio post the Issue is indicative on account of the assumed inflow of Rs. 1,000,000 lacs from the proposed Issue in the secured debt category as on March 31, 2019 only. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Debt/Equity Ratio = (Debt Securities + Borrowings + Deposits + Subordinated liabilities) / (Equity Share capital + other equity)

RECENT DEVELOPMENTS

For information on recent developments concerning our Company, please see the section titled “Material Developments” on page 178 of the Draft Shelf Prospectus.

OUR STRENGTHS

We believe that the following are our key strengths:

One of the largest asset financing NBFCs in India

We believe that we are one of the largest NBFCs in the organised sector in India that cater to FTBs and SRTOs for financing pre-owned commercial vehicles. Our widespread network of 1,545 branches across India and presence in 838 rural centres as of March 31, 2019 enables us to access a large base of customers, including most major and minor commercial vehicle hubs along various road transportation routes in India. We believe that our widespread branch network enables us to service and support our existing customers from proximate locations that provide customers with easy access to our services. We also have strategically expanded our marketing and customer origination network by entering into revenue sharing agreements with private financiers involved in commercial vehicle financing. We believe our relationship with these partners is a critical factor in sourcing new customers and enhancing reach and market share with a low upfront capital cost. We believe that the relationships we have developed with our customers provide us with opportunities for repeat business and to cross sell our other products as well as derive benefit from customer referrals.

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

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

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

Access to a range of cost-effective funding sources

We fund our capital requirements through a variety of sources. As of March 31, 2019, 87.18 per cent. of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of nonconvertible debentures), while the remaining 12.82 per cent. consisted of funds raised through retail borrowings.

We meet our funding requirements predominantly through term loans from banks (including cash credit and external commercial borrowing), the issue of redeemable non-convertible debentures, as well as deposits (including public and corporate deposits) and bonds in overseas market, which constituted 38.42 per cent., 28.83 per cent., 11.73 per cent. and 6.07 per cent. of our total borrowings, respectively, as of March 31, 2019 on a standalone basis. We access funds from a number of credit providers, including 53 banks and 6 institutions comprising nationalised banks, private Indian banks, foreign banks and foreign institutional investors, and we believe our track record of debt servicing has allowed us to establish and maintain strong relationships with these financial institutions. As a deposit-taking NBFC, we are also able to mobilise fixed deposits. We have raised secured and unsecured non-convertible debentures at competitive rates. We have also raised subordinated loans eligible for Tier II capital. We undertake securitisation and assignment transactions as a cost-effective source of funds.

In relation to our long-term debt instruments, we currently have long-term ratings of “CARE AA+/Stable” from CARE, “IND AA+/Stable Outlook” from India Ratings, “CRISIL AA+/Stable” and “CRISIL PP-MLD AA+r/Stable” from CRISIL, “BB+/Stable” from Standard & Poor’s Ratings and “BB+/Stable Outlook” from Fitch Ratings. In relation to our short-term debt instruments, we have also received short-term ratings of “CRISIL A1+” from CRISIL, “IND A1+” from India Ratings and “CARE A1+” from CARE, “B” from Standard & Poor’s Ratings, and “B” from Fitch Ratings.

We believe that we have been able to achieve a relatively stable cost of funds, primarily due to our strong credit ratings, effective treasury management and innovative fund raising programmes. For the year ended March 31, 2019 our cost of borrowing was 8.81 per cent. of our total finance cost as per Ind AS. For the year ended March 31, 2018 our cost of borrowing was 8.72 per cent. of our total finance cost as per IGAAP. We believe that we are able to borrow from a range of sources at competitive rates.

In order to diversify the borrowing portfolio of the Company and to open new market/ avenue for borrowing, during the year 2017-18, the Company issued Rs. 84,000 lacs 8.10% Senior Secured Notes Due 2023 payable in U.S. Dollars under the Medium Term Note Programme and Rs. 32,000 lacs 7.90% Senior Secured Notes Due 2021 payable in U.S. Dollars under the Medium Term Note Programme and in the year 2016-17, the Company issued Rs. 135,000 lacs 8.25% Senior Secured Notes Due 2020 Payable in U.S. Dollars. The Senior Secured Notes are listed on the Singapore Exchange Securities Trading Limited. During the year ended March 31, 2019, the Company issued and allotted senior secured notes in offshore market (notes) aggregating to Rs. 284,990 lacs consisting of 5.70% notes due 2022 under Rs. 500,000 lacs Medium Term Note Programme. The notes issued by the Company are listed on Singapore Stock Exchange (SGX- ST). The proceeds of Notes have been utilized in accordance with the guidelines issued by the Reserve Bank of India. On April 24, 2019, the Company issued 5.950 percent Senior Secured Notes due 2022 aggregating to USD 500 Million to the Qualified Institutional Buyers (QIBs) under the Rule 144A of the U.S. Securities Act 1933 and to the eligible investors outside United States under Regulation S of the U.S. Securities Act 1933. The said Senior Secured Notes are listed on the Singapore Exchange Securities Trading Limited. All Senior Secured Notes issued under the above programmes are fully hedged and would not involve any foreign exchange risk to the Company.

The RBI currently mandates commercial banks operating in India to maintain an aggregate of 40.00 per cent. of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises (including SRTOs, which constitute the largest proportion of our loan portfolio), micro enterprises within the micro and small enterprises sector, export credit, advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions such as us that are better positioned to or exclusively focus on originating such assets through purchase of assets or securitised and assigned pools to comply with these targets. We believe our securitised and assigned asset pools are particularly attractive to these banks as such transactions provide them with an avenue to increase their asset base through low-cost investments and limited risk. We believe that we can negotiate competitive interest rates with banks, NBFCs and other lenders since the majority of our loan portfolio is classified as priority sector lending. In Fiscals 2018 and 2019, the total book value of loan assets securitised and assigned on a standalone basis was Rs. 1,246,716.07 lacs and Rs. 1,512,305.83 lacs respectively.

Extensive experience and expertise in credit appraisal and collection processes

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

Extensive expertise in asset valuation is a pre-requisite for any NBFC providing loans for pre-owned assets. Over the years, we have developed expertise in valuing pre-owned vehicles, which enables us to accurately determine a recoverable loan amount for commercial vehicle purchases. We believe a tested valuation technique for these assets is a crucial entry barrier for others seeking to enter the markets in which we operate. Furthermore, our entire recovery and collection operation is administered in-house and we do not outsource loan recovery and collection operations. We believe that our loan recovery procedure is particularly well suited to our target market in the commercial vehicle financing industry, as reflected by our strong loan recovery ratios, and we believe that this knowledge and relationship-based recovery procedure is difficult to replicate in the short to medium term. Our Stage 3 assets as a percentage of Total Loan Assets as per Ind AS was 8.42 per cent. as of March 31, 2019 on a standalone basis. Our Stage 3 Assets net of Stage 3 Provision as a percentage of Net Loan Assets as per Ind AS was 5.68 per cent. as of March 31, 2019 on a standalone basis.

Long-term industry prospects

The domestic CV industry has been reeling from the impact of multiple headwinds since November 2018, and this has further intensified in the current Fiscal with volumes contracting by 8% in 2m FY2020. Overcapacity in the system post the revision in axle load norms in the previous Fiscal and tightening financing environment on the back of the liquidity crunch in the economy have played spoilsport in the Goods carrier market. Additionally, market sentiments remain weak, with slowing economic growth impacting the freight availability. Coupled with tepid freight rates and high fuel costs, the viability pressure on SFOs has increased over recent months. The interplay of these various factors has resulted in contraction in the M&HCV (Truck) volumes in May 2019 as well, with pressure largely visible in the HCV segment (>12T). Although the LCV (Truck) segment was relatively less impacted by the revision in axle load norms, volumes started coming under pressure from the beginning of FY2020, with the tight liquidity scenario and slowing consumption trends impacting the segment. Consequently, it declined by 4.6% in May 2019. The bus segment reported flat sales in May 2019, with divergent trends visible in LCV and M&HCV bus sales. (Source: ICRA Report)

The Indian Government is currently considering proposals, taking into account the views of the National Green Tribunal (NGT), to ban commercial vehicles older than ten years to reduce pollution, which is presently applicable in Delhi and NCR region. If these proposals are enacted by the Indian Government for all jurisdictions, this may result in a change in the Asset Under Management (AUM) portfolio of our Company and the percentage of loans financed for the purchase of new vehicles may gradually increase. The government has come up with a vehicle scrappage policy (effective from April 1, 2020) which aims to scrap commercial vehicles older than 20 years. This would lead to demand of buying New BS - VI vehicles. Further, the Ministry of Road Transport and Highways has decided to leapfrog from BS-IV to BS-VI emission norms directly by completely skipping BS-V norms to curb vehicular pollution which will come also come into effect from April 1, 2020. Due to this policy, we expect that there would be pre-buying of BS - IV vehicle, which will lead to shortage of new vehicles in the market, creating a huge spurt of growth in buying BS- VI vehicles.

Experienced senior management team

As of the date of this draft Shelf Prospectus, our board of directors consists of eight directors with extensive experience in the automotive and/or financial services sectors. We have an experienced management team, which is supported by a capable and motivated pool of employees. Our Company offers robust internal training programmes and has availed itself to an organically developed pool of talented members. Our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. Certain members of our senior management team have more than 20 years of experience with our Company. Our management promotes a result oriented culture that rewards our employees on the basis of merit. In order to strengthen our credit appraisal and risk management systems, and to develop and implement our credit policies, we have hired a number of senior managers who have extensive experience in and knowledge of the Indian banking and financial services sector and in specialised lending finance firms providing loans to retail customers. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage that has enabled us to successfully grow a profitable and sustainable business mode.

Strong financial and operating performance reflected in strong growth, asset quality and returns

Our total revenue (including exceptional items) as per IGAAP was Rs. 1,241,658.01 lacs in Fiscal 2018, as compared to Rs. 1,083,061.23 lacs in Fiscal 2017 on a standalone basis. Our total income (including exceptional items) as per Ind AS was Rs. 1,554,570.12 lacs as per Ind AS in Fiscal 2019 on a standalone basis. Our profit after tax from continuing operations as per IGAAP was Rs. 156,802.25 lacs in Fiscal 2018, as compared to Rs. 125,734.25 lacs in Fiscal 2017 on a standalone basis. Our profit after tax was Rs. 256,398.67 lacs as per Ind AS in Fiscal 2019 on a standalone basis. Our returns on asset (ROA) were 1.93 per cent. and 1.77 per cent. for Fiscal 2018 and Fiscal 2017 respectively as per IGAAP on a standalone basis. Our returns on asset (ROA) was 2.53 per cent. as per Ind AS on a standalone basis for Fiscal 2019. Our returns on equity (ROE) were 13.14 per cent. and 11.72 per cent. for Fiscal 2018 and Fiscal 2017 respectively as per IGAAP on a standalone basis. Our return on equity (ROE) was 17.44 per cent. as per Ind AS for Fiscal 2019 on a standalone basis.

OUR STRATEGIES

Further expand operations by growing our branch network and presence in rural centres and increasing revenue sharing agreements with private financiers.

We intend to continue to strategically expand our operations in target markets that are large commercial vehicle hubs by establishing additional branches. Our marketing and customer origination and servicing efforts strategically focus on building long-term relationships with our customers and address specific issues and local business requirements of potential customers in a particular region. We also intend to increase our operations in certain regions in India where we historically had relatively limited operations, such as in eastern and northern parts of India, and to further consolidate our position and operations in western and southern parts of India. We have also adopted a strategy of establishing our presence in rural centres with a view towards increasing our presence in the pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have had a presence in 838 rural centres as of March 31, 2019 and propose to continue to increase our presence in such rural centres across India. We also provide loans for new commercial vehicles, in addition to our policy of providing finance for vehicles which are between 5 to 12 years old with a view of expanding our reach and diversifying our portfolio.

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

Optimise funding costs

We believe that we can increase our profitability by optimising our funding costs. This would include use of new products available to us in the international capital markets, as well as ensuring that we favourably match our short-term and long-term sources of funds with their deployment. We have a diversified source for funding which comprises capital market instruments, bank borrowings with a lender base of 53 banks and 6 institutions, securitisation and retail borrowings. Our portfolio qualifies for the priority sector advances for scheduled commercial banks (as investors in our securitised loans), which helps reduce our borrowing costs. We have also focused on gradually increasing the proportion of retail borrowings to diversify our funding source through fixed deposit programme and regular public issue of non-convertible debentures. Our institutional debenture issuance has a varied investor base including mutual funds, banks, foreign portfolio investors, insurance companies, financial institutions, trusts and body corporates. We believe that our ability to diversify our resource profile will enable us to further optimise our funding cost.

Cross-sell our product portfolio

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

Continue to implement advanced processes and systems

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

OUR COMPANY'S FINANCIAL PRODUCTS

Commercial Vehicle Finance

We are principally engaged in the business of providing commercial vehicle financing to FTBs and SRTOs. FTBs are principally former truck drivers who purchase trucks for use in commercial operations and SRTOs are principally small transport operators owning between one and four pre-owned commercial vehicles. Our financing products are principally targeted at the financing of pre-owned trucks and other commercial vehicles, although we also provide financing for new commercial vehicles. The pre-owned commercial vehicles we finance are typically between 5 and 12 years old. We also provide financing for other kinds of pre-owned and new commercial vehicles, including passenger vehicles, multi-utility vehicles, tractors and three wheelers.

Vehicle Parts Finance and Other Ancillary Activities

Our customers also require financing for the purchase of vehicle parts in connection with the operation of their trucks and other commercial vehicles. We also offer financing for the acquisition of new and pre-owned vehicle equipment and accessories, such as tyres and other vehicle parts. We also provide working capital loans. Our Company deals in life insurance and general insurance products. Our Company has entered into agreements with Shriram General Insurance Company Limited (“SGIC”) and Bajaj Allianz General Insurance Company Limited (“BAGICL”) whereby the Company is appointed as their ‘corporate agent’ and is authorized to market and solicit insurance products provided by SGIC and BAGICL to its customers and clients subject to the limits prescribed and on the terms and conditions agreed to between the parties.

OUR COMPANY'S OPERATIONS

Customer Origination

Customer Base

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

Branch Network

As of March 31, 2019, we have a wide network of 1,545 branches across India and 26,630 employees. We have established branches at most major commercial vehicle hubs along various road transportation routes across India. A typical branch comprises 15 to 20 employees, including a branch manager. As of March 31, 2019, all of our branch offices were connected to servers at our corporate office to enable real-time information with respect to our loan disbursement and recovery administration. Our customer origination efforts strategically focus on building long-term relationships with our customers and address specific issues and local business requirements of potential customers in a specific region.

Revenue Sharing Agreements with Private Financiers

SRTOs and FTBs generally have limited banking habits and credit history as well as inadequate legal documentation for verification of creditworthiness. In addition, because of the mobile nature of the hypothecated assets, SRTOs and FTBs have limited access to bank financing for pre-owned and new commercial vehicle financing. As a result, the pre-owned truck financing market in India is dominated by private financiers in the unorganised sector. We have strategically expanded our marketing and customer origination network by entering into revenue sharing agreements with private financiers across India involved in commercial vehicle financing. We enter into strategic revenue sharing agreements with private financiers ranging from individual financiers to small local private financiers, including other NBFCs. We have established a stable relationship with our revenue sharing partners through our extensive branch network. As a result of the personnel-intensive requirements of our business model, we rely on revenue sharing arrangements to effectively leverage the local knowledge, infrastructure and personnel base of our revenue sharing partners.

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

Our revenue sharing partners are responsible for obtaining all necessary documentation in connection with the loan proposals they originate as well as for collection of instalments and penalties for all customers they originate. Revenue sharing partners are also responsible for any repossession of vehicles in the event of a default of a loan by customers they originate. However, the hypothecation of the vehicles financed are in the favour of our Company and not in the favour of our revenue sharing partners. A typical revenue sharing arrangement involves the revenue-sharing ratio, amounts payable as quarterly advance payments to the revenue sharing partner, and details related to the retention of earnest money. Specifically, we typically stipulate a certain income-sharing arrangement on the interest on the loan, net of our cost of funding. Since the revenue sharing partner's share of income is only determined upon settlement of the individual loan contracts, we typically release quarterly advance payments to our revenue sharing partner. These payments are net of the earnest money deposit, which represents a pre-agreed percentage of the partner's revenue share. We allocate the earnest money towards a loan loss pool, as well as for business expansion purposes. Loan loss is typically calculated as our loss on principal and reimbursed expenses on loans from customers sourced by the revenue sharing partner, with interest at the rate of our cost of funds. The loss is shared between the parties in the same proportion as income. The parties usually stipulate that the amount available as earnest money deposit is in excess of a certain percentage of future receivables and may be withdrawn by the revenue sharing partner.

Other Marketing Initiatives

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

Branding/advertising

We use the brand name “Shriram” for marketing our products pursuant to a license agreement dated November 21, 2014 between our Company and Shriram Ownership Trust (“SOT”), as amended in terms of agreement dated March 18, 2016 and novated in terms of the deed of novation cum amendment dated May 17, 2019 entered into between our Company, SOT and Shriram Value Services Limited (“SVS”). Our brand is well recognised in India. We have launched various publicity campaigns through print and other media specifically targeted at our target customer profile, FTBs and SRTOs, to create awareness of our product features, including our speedy loan approval process, with the intention of creating and enhancing our product identity. We believe that our emphasis on product promotion will be a significant contributor to our results of operations in the future.

Customer Evaluation, Credit Appraisal and Disbursement

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

Initial Evaluation

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

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

Credit Policies

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

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

Hypothecation. Our loans include hypothecations in our favour.

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

Insurance. Comprehensive insurance is required.

Loan approval guidelines. From time to time, our management lays down loan approval parameters which are typically linked to the value of the vehicle and loan amount.

Age limit for pre-owned vehicles. We typically extend loans to vehicles that are less than 12 years but age limit may vary as per usability in specific geographies.

Period. The maximum period for repayment in case of assets shall not be more than 84 months.

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

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

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

Approval Process

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

The branch manager is authorised to approve a loan if the proposal meets the criteria established for the approval of a loan. We inform the customer of the outcome of the approval process, as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualised) and the application of such interest during the tenure of the loan. A sanction letter is issued to the borrower incorporating all the financial details such as the loan amount, tenure and the rate of interest and the loan disbursement takes place only on getting the sanction letter duly accepted by the borrower.

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

Disbursement

Margin money, processing fees and documentation charges are collected prior to loan disbursements. The disbursing officer retains evidence of the customer's acceptance of the terms and conditions of the loan as part of the loan documentation. Our Company has initiated steps to encourage the customers to make payments of loan instalments through internet banking and card payment. For pre-owned vehicles, an endorsement of the registration certificate as well as the insurance policy must be executed in our favour.

Loan Administration and Monitoring

The borrower and the relevant guarantor are required to execute a standard form of Loan cum Hypothecation Agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the Loan cum Hypothecation Agreement, which generally sets out monthly repayment terms. The Loan cum Hypothecation Agreement also requires a promissory note to be executed containing an unconditional promise of payment to be signed by both the borrower and the relevant guarantor. A power of attorney authorising, among others, the repossession of the hypothecated vehicle upon loan payment default, is also required to be executed.

We provide payment options in the form of cash, cheque, demand draft, mobile wallets, UPI, NACH and USSD. Repayments are made in monthly instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. As a service to our customers, our relationship executives offer to visit the customers on the payment date to collect the instalments due. We track loan repayment schedules of our customers, on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the vehicles financed and location of the customer. Our management information system department and centralised operating team monitors compliance with the terms and conditions for credit facilities. We monitor the completeness of documentation and creation of security through regular visits to our branches by our regional as well as head office executives and internal auditors. All borrower accounts are reviewed at least once a year, with a higher frequency for larger exposures and delinquent borrowers. Our lending team reviews collections regularly, personally contacts borrowers that have defaulted on their loan payments and conducts day-to-day operations including collection of instalments from 150 to 200 borrowers each, depending on territorial dispersal. Each branch customarily limits its commercial vehicle financing loans to approximately 1,500 customers, which enables closer monitoring of receivables. A new branch is opened to handle additional customers beyond that limit to ensure appropriate risk management. Close monitoring of debt servicing efficiency enables us to maintain high recovery ratios.

Collection and Recovery

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

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

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

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

ASSET QUALITY

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

Classification of Assets

The RBI requires every deposit-accepting NBFC to classify its lease/hire purchase assets, loans, advance and other forms of credit into standard, sub-standard or loss assets. Our Company has been following the classification norms prescribed by the RBI.

Provisioning and Write-offs

The Company is required, after taking into account the time lag between an account becoming non-performing and its recognition as such, the realisation of the security, and the erosion over time in value of the security charged, to make provisions against sub-standard, doubtful and loss assets in accordance with the directions issued by RBI. The RBI mandates 100.00 per cent. provision coverage for loss assets that remain on the accounting books of NBFCs, 100.00 per cent. for unsecured doubtful assets and between 20.00 per cent. to 50.00 per cent. for secured doubtful assets depending upon the period for which the asset has remained doubtful and a general provision of 10 per cent. for sub-standard assets. Provision coverage refers to the ratio of NPA provision over the Gross NPA. During the year ended March 31, 2016, the Company has revised its estimate for provision on nonperforming assets from 80.00 per cent. to 70.00 per cent. As of March 31, 2019, we maintain provision coverage of 34.47 per cent. for our Stage 3 Assets. We also consider field reports and collection patterns at regular intervals to anticipate the need of higher provisioning.

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

The RBI currently mandates deposit-taking NBFCs to maintain provision coverage of 0.40 per cent. for standard assets. The RBI has recently mandated deposit-taking NBFCs to increase provision coverage for standard assets to 0.40 per cent. as of March 31, 2018. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as “contingent provisions against standard assets” in the NBFC’s balance sheet. Our Company has made ECL provision of Rs. 147,280.34 lacs and Rs. 111,346.17 lacs outstanding Stage 1 Assets and Stage 2 Assets respectively as of March 31, 2019.

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

	(Rs. in lacs)	
	As of	
	March 31, 2018	March 31, 2017
Gross NPA ⁽¹⁾	737,639.32	540,843.58
Net NPA ⁽²⁾	213,114.75	165,899.15
Total Loan Assets as per IGAAP ⁽³⁾	8,051,415.05	6,619,485.18
Net Loan Assets as per IGAAP ⁽⁴⁾	7,526,890.48	6,244,540.75
Gross NPA (per cent.) ⁽⁵⁾	9.16%	8.17%
Net NPA (per cent.) ⁽⁶⁾	2.83%	2.66%

⁽¹⁾ Gross NPA means loans outstanding including future principal and excluding unrealised interest accrued and due under NPA accounts.

⁽²⁾ Net NPA means Gross NPA net off provision held for NPA accounts and provision for diminution in fair value of restructured loans.

⁽³⁾ Total Loan Assets as per IGAAP means secured hypothecation loans, other secured loans, retained interest on securitisation, unsecured loans and unsecured advance for hypothecation loans.

⁽⁴⁾ *Net Loan Assets as per IGAAP means Total Loan Assets as per IGAAP as adjusted for provisions for non-performing assets and provision for diminution in fair value of restructured loans.*

⁽⁵⁾ *Gross NPA (per cent.): Gross NPA per cent. is percentage of Gross NPA to Total Loan Assets.*

⁽⁵⁾ *Net NPA (per cent.): Net NPA per cent. is percentage of Net NPA to Net Loan assets.*

The following table sets forth, as of the dates indicated, data regarding our Stage 3 Assets and capital adequacy ratios on a standalone basis as on March 31, 2019 as per Ind AS:

	(Rs. in lacs)
	March 31, 2019
Stage 3 Assets	861,626.74
Stage 3 Asset net of Stage 3 Provision	564,653.24
Total Loan Assets as per Ind AS (gross of Provisions) ⁽¹⁾	10,230,748.58
Net Loan Assets as per Ind AS (Net of Provisions) ⁽²⁾	9,933,775.08
Stage 3 Assets as a percentage of Loan Asset As per Ind AS (per cent.) ⁽³⁾	8.42
Stage 3 Asset net of Stage 3 Provision as a percentage of Total Loan Assets as per Ind AS (gross of Provisions (per cent.) ⁽⁴⁾	5.68
Tier I Capital Adequacy Ratio (per cent.)	15.62
Tier II Capital Adequacy Ratio (per cent.)	4.65

⁽¹⁾ *Total Loan Assets as per Ind AS (gross of Provisions): Secured hypothecation loans, other secured loans, retained interest on securitisation, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortised loan origination cost and net of unamortised processing fee as determined under Ind AS excluding provisions.*

⁽²⁾ *Net Loan Assets as per Ind AS (Net of Provisions): Secured hypothecation loans, other secured loans, retained interest on securitisation, unsecured loans and unsecured advance for hypothecation loans and includes accrued interest on loans given, unamortised loan origination cost and net of unamortised processing fee as determined under Ind AS as adjusted for Stage 3 ECL provisions.*

⁽³⁾ *Stage 3 Assets as a percentage of Loan Book As per Ind AS : Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.*

⁽⁴⁾ *Stage 3 Assets net of Stage 3 Provision.*

Our Stage 3 Assets as a percentage of Total Loan Assets as per Ind AS (gross of Provisions) were 8.42 per cent. as of March 31, 2019, on a standalone basis. Our Stage 3 Assets net of Stage 3 Provision, as a percentage Net Loan Assets as per Ind AS (Net of Provisions) was 5.68 per cent. as of March 31, 2019, on a standalone basis. We believe that our eventual write offs are relatively low because of our relationship-based customer origination and customer support, prudent loan approval processes (including adequate collateral being obtained), and our ability to repossess and dispose of such collateral in a timely manner.

Other Business Initiatives

Our Company has entered into an Agreement dated May 17, 2018 (“**HPCL Agreement**”) with Hindustan Petroleum Corporation Limited (“**HPCL**”) wherein our Company has agreed to provide credit facilities to customers to enable them to purchase automotive fuels and lubricants from the retail outlets of HPCL. In terms of the HPCL Agreement, any person desirous of becoming a member of the ‘*Drivetrack Plus Programme*’ initiated by HPCL, shall apply to our Company and request for a sanction limit. Our Company, on the basis of credibility of the applicant, will sanction credit limits pursuant to which HPCL shall enroll the successful applicant as a member to its ‘*Drivetrack Plus Programme*’. Such members are eligible to purchase fuel and lubricants at the HPCL retail outlets basis the credit limits sanctioned by our Company.

The HPCL Agreement is effective from June 1, 2018 up to May 31, 2020, unless cancelled or terminated by either party. The parties may, prior to the expiry of the HPCL Agreement, mutually agree to extend the HPCL Agreement for a further period as the parties may deem fit.

FUNDING SOURCES

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources

of funding comprise term loans (including term loans from banks and financial institutions), cash credit from banks, redeemable non-convertible debentures, subordinated bonds, short-term commercial paper and inter-corporate deposits. Our Company also mobilises fixed deposits.

As of March 31, 2019, we had an outstanding secured debt of Rs. 6,742,242.20 lacs and unsecured debt of Rs. 2,049,197.47 lacs as per Ind AS. As of March 31, 2018, we had an outstanding secured debt (gross of unamortised discount Rs. 118.20 lacs) of Rs. 4,615,452.20 lacs and unsecured debt (gross of unamortised discount of Rs. 6,280.29 lacs) of Rs. 1,722,862.12 lacs.

Borrowings

The following table sets forth the principal components of our secured borrowings as per IGAAP on a standalone basis as on March 31, 2018 and March 31, 2017 on a standalone basis of the dates indicated:

(Rs. in lacs except percentage)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Percentage	Amount	Percentage
Redeemable non-convertible debentures (Net of Unamortised discount)	2,438,445.93	52.83	1,909,768.23	46.73
Term Loans				
- From Banks	1,577,598.04	34.18	1,576,778.61	38.58
- From Financial Institutions, Foreign Institutions and Corporates	280,083.33	6.07	218,000.00	5.33
Cash Credit	68,206.70	1.48	247,076.82	6.05
Senior Secured Notes	251,000.00	5.44	135,000.00	3.30
Total secured borrowings	4,615,334.00	100.00	4,086,623.66	100.00

The following table sets forth the principal components of our secured borrowings as per Ind AS on a standalone basis as on March 31, 2019:

(Rs. in lacs except percentage)

Particulars	Amount	Percentage
Senior secured notes	256,499.04	3.81
External commercial bond -Secured	276,995.65	4.11
Redeemable non-convertible debentures - Secured		
- Privately placed	1,912,732.96	28.37
- Public issue	577,084.67	8.56
Term loans Secured		
Term loan from banks - INR	1,183,138.13	17.55
Term loan from banks - FCNR	41,152.45	0.61
Term loan from financial institutions/corporates - INR	341,304.07	5.06
External commercial borrowing - FCNR	237,653.23	3.52
Term loan from banks - INR -Securitisation	1,773,852.50	26.31
Loans repayable on demand from Banks (Cash Credit from banks)	141,829.50	2.10
Total secured borrowings	6,742,242.20	100.00

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

As of March 31, 2019, loans from banks, including cash credit, aggregated Rs. 3,377,625.81 lacs as per Ind AS. As of March 31, 2018, loans from banks, including cash credit, aggregated Rs. 1,645,804.74 lacs as per IGAAP.

As of March 31, 2019, the aggregate outstanding amount of secured redeemable non-convertible debentures was Rs. 2,489,817.63 lacs as per Ind AS. As of March 31, 2018, the aggregate outstanding amount of secured redeemable non-convertible debentures Rs. 2,438,564.13 lacs (gross of unamortised discount of Rs. 118.20 lacs)

as compared to Rs. 1,909,768.31 lacs (gross of unamortised discount of Rs. 0.08 lacs) as of March 31, 2017 on a standalone basis as per IGAAP.

Our short-term fund requirements are primarily funded by cash credit from banks, including working capital loans. Cash credit from banks outstanding, as of March 31, 2018, was Rs. 68,206.70 lacs as per IGAAP. Cash credit from banks outstanding, as of March 31, 2019, was Rs.141,829.50 lacs as per Ind AS.

The following table sets forth the principal components of our unsecured borrowings as per IGAAP on a standalone basis as on March 31, 2018 and March 31, 2017 as of the dates indicated:

(Rs. in lacs except percentage)

	As of March 31, 2018		As of March 31, 2017	
	Amount	Percentage	Amount	Percentage
Deposit for corporates	20,879.48	1.22	12,589.67	1.03
Public deposits	789,117.83	45.97	834,828.52	68.18
Inter-corporate deposits from subsidiary	2,835.00	0.17	2,890.00	0.24
Subordinated debt – bonds	112,809.81	6.57	120,880.75	9.87
Subordinated debt – debentures	341,720.00	19.91	227,197.23	18.56
Commercial paper (Net of unamortised discount)	449,219.71	26.17	-	-
Term loans from banks	-	-	26,000.00	2.12
Total unsecured borrowings	1,716,581.83	100.00	1,224,386.17	100.00

The following table sets forth the principal components of our unsecured borrowings as per Ind AS on a standalone basis as on March 31, 2019 as of the dates indicated:

(Rs. in lacs except percentage)

Particulars	Amount	Percentage
Redeemable non-convertible debentures - Unsecured		
- Privately placed	44,482.61	2.17
Deposits		
i. Public deposits	1,016,976.71	49.63
ii. From corporate	14,531.78	0.71
iii. From others (Inter-corporate deposits from associate)	2,638.19	0.13
Subordinated debt		
Subordinated debts (unsecured) - Debentures	524,309.41	25.58
Subordinated debts (unsecured) - Bonds	95,878.69	4.68
Commercial papers - Unsecured	350,380.08	17.10
Total unsecured borrowings	2,049,197.47	100.00

As of March 31, 2019, our outstanding subordinated debt amounted to Rs. 620,188.10 lacs on a standalone basis as per Ind AS. As of March 31, 2018, our outstanding subordinated debt amounted to Rs. 454,529.81 lacs as of March 31, 2018 on a standalone basis as per IGAAP. The debt is subordinated to our present and future senior indebtedness. Based on the balance term to maturity, as of March 31, 2019, Rs. 468,816.69 lacs of the discounted book value of subordinated debt is considered as Tier II under the guidelines issued by the RBI for the purpose of capital adequacy computation.

Securitisation and Assignment of Portfolio against Financing Activities

We also undertake securitisation and assignment transactions to increase our capital adequacy ratio, increase the efficiency of our loan portfolio and as a cost-effective source of funds. We sell part of our assets under financing activities from time to time through securitisation and assignment transactions as well as direct assignment. Our securitisation and assignment transactions involve provision of additional collateral and deposits or bank/corporate guarantee. In Fiscal 2019, total book value of loan assets securitised and assigned was Rs. 1,512,305.83 lacs.

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

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

	<i>(Rs. in lacs)</i>	
	As of March 31, 2019	As of March 31, 2018
Total number of loan assets securitised and assigned	511,787	456,036
Total book value of loan assets securitised and assigned	1,512,305.83	1,246,716.07
Sale consideration received for securitised and assigned Assets	1,512,305.83	1,246,716.07
Gain on account of securitisation and assignment	169,372.20	207,402.21

We are required to provide credit enhancement for the securitisation and assignment transactions by way of either fixed deposits or corporate guarantees and the aggregate credit enhancement amount outstanding as of March 31, 2019 was Rs. 361,950.45 lacs. In the event a relevant bank or institution does not realise the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement.

TREASURY OPERATIONS

Our treasury operations are mainly focused on meeting our funding requirements and managing short-term surpluses. Our fund requirements are currently predominantly met through loans and by issue of debentures to banks, financial institutions and mutual funds. We also place commercial paper and mobilise retail fixed deposits (including secured non-convertible debentures) and inter-corporate deposits. We have also raised subordinated loans eligible for Tier II capital. We believe that through our treasury operations, we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates.

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

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

Our investments are predominantly in government securities, mutual funds, bank fixed deposits and certificates of deposit with banks.

CAPITAL ADEQUACY

We are subject to the capital adequacy ratio (CAR) requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15.00 per cent., as prescribed under the Master Directions on Non Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as amended from time to time, based on our total capital to risk-weighted assets. All deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00 per cent. of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As a part of our governance policy, we ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of March 31, 2019, our capital adequacy ratio computed on the basis of applicable RBI requirements was 20.27 per cent. compared to the minimum capital adequacy requirement of 15.00 per cent. stipulated by the RBI. The total Tier I capital, at any point of time, shall not be less than 10.00 per cent. by March 31, 2017.

The following table sets out our capital adequacy ratios derived from IGAAP on a standalone basis computed on the basis of applicable RBI requirements as of the dates indicated:

	As of March 31,	
	2018	2017
Capital adequacy ratio (per cent.)	16.87	16.94
Tier I capital (per cent.)	14.24	15.20
Tier II capital (per cent.)	2.63	1.74

The following table sets out our capital adequacy ratios derived from Ind AS on a standalone basis as on March 31, 2019

	As of March 31, 2019
Capital adequacy ratio (per cent.)	20.27
Tier I capital (per cent.)	15.62
Tier II capital (per cent.)	4.65

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

CREDIT RATING

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

Credit Rating Agency	Instrument	Ratings*
CRISIL	Fixed Deposit	CRISIL FAAA/Stable
CRISIL	Bank Loan Long Term	CRISIL AA+/Stable
CRISIL	Bank Loan Short Term	CRISIL A1+
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable
CRISIL	Subordinate Debt	CRISIL AA+/Stable
CRISIL	Short Term Debt	CRISIL A1+
CRISIL	Long-Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AA+r/Stable
India Ratings	Non-Convertible Debentures	IND AA+/Stable outlook
India Ratings	Subordinated Debt	IND AA+/Stable outlook
India Ratings	Commercial Paper	IND A1+
CARE	Non-Convertible Debentures	CARE AA+/Stable
CARE	Subordinated Debt	CARE AA+/Stable
CARE	Commercial Paper	CARE A1+
ICRA	Fixed Deposit	MAA+ with Stable
Standard & Poor's Ratings	Long-Term Issuer Credit Rating	BB+/Stable
Standard & Poor's Ratings	Short-Term Issuer Credit Rating	B
Standard & Poor's Ratings	Offshore Rupee Denominated Bond (Masala Bond)	BB+
Standard & Poor's Ratings	U.S. Dollar Senior Secured Notes	BB+
Fitch Ratings	Long-Term Issuer Default Rating	BB+/Stable Outlook
Fitch Ratings	Short-Term Issuer Default Rating	B
Fitch Ratings	Offshore Rupee Denominated Bond (Masala Bond)	BB+
Fitch Ratings	U.S. Dollar Senior Secured Notes	BB+

* The rating of the long term and short term instruments by the rating agency and/or agencies indicates high degree of safety regarding timely servicing of financial obligations and carrying very low credit risk.

Risk Management

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

Interest Rate Risk

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

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

Liquidity Risk

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

We monitor liquidity risk through our asset liability management (ALM) function with the help of liquidity gap reports. This involves the categorisation of all assets and liabilities into different maturity profiles, and evaluating these items for any mismatches in any particular maturities, especially in the short-term. The ALM policy has capped the maximum mismatches in the various maturities in line with RBI guidelines and ALCO guidelines. To address liquidity risk, we have developed expertise in mobilising long-term and short-term funds at competitive interest rates, according to the requirements of the situation. For instance, we structure our indebtedness to adequately cover the average three-year tenure of loans we extend. As a matter of practice, we generally do not deploy funds raised from short-term borrowing for long-term lending.

Credit Risk

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

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

Cash Management Risk

Our branches collect a substantial amount of our customers' payments in cash. Lack of proper cash management practices could lead to losses. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. Customers are gradually migrating towards non-cash payment modes such as NACH and Digital. Customers can use "MyShriram" app on their smartphones or create a login under "Customer online" option on the Company website <http://www.stfc.in> and make loan repayments. We are educating our customers for EMI payment through payment gateways and payments through debit cards by swiping them in our POS machines at the branches.

Regulatory and Compliance Risk

Regulatory and compliance risk are the risks to earnings or capital arising from violations of, or nonconformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. The regulatory and compliance risk will also be result of any changes made in laws, rules or regulations to comply with. There may some differences in interpretation of regulations by the company vis-à-vis that of the regulators. Our Company has engaged experienced professionals in different departments in order to take care of compliance with the applicable laws, rules and regulations and guidelines affecting company's business. Our Company also takes advice from external reputed consultants in respect to the laws, rules or regulations affecting the company's business.

Employees

As of March 31, 2019, the total number of our employees was 26,630.

We have built a highly capable workforce primarily by recruiting fresh graduates. As our business model requires an entrepreneurial approach in dealing with truck operators, we prefer to recruit and train fresh graduates in achieving our objectives. Moreover, we prefer to recruit our workforce from the area in which they will be serving our customers, in order to benefit from the workforce's knowledge of the local culture, language, preferences and territory. We emphasise both classroom training and on-the-job skills acquisition. Post recruitment, an employee undergoes induction training to gain an understanding of our Company and our operations. Our relationship executives are responsible for customer origination, loan administration and monitoring as well as loan recovery, which enables them to develop strong relationships with our customers. We believe our transparent organisational structure ensures efficient communication and feedback and drives our performance-driven work culture.

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

Intellectual Property

Pursuant to a license agreement dated November 21, 2014 between our Company and SOT ("**License Agreement**"), as amended in terms of agreement dated March 18, 2016 and novated in terms of the deed of novation cum amendment dated May 17, 2019 entered into between our Company, SOT and SVS, we are licensed to use the name "Shriram" and the associated mark, for which our Company has to pay a license fee to SOT (upto September 30, 2019) and to SVS (post September 30, 2019) of 1.00 per cent. of the total income of our Company every Fiscal. The total amount of the license fee our Company pays to SOT and SVS in a Fiscal is subject to a ceiling of 5.00 per cent. of the profit (before tax and license fee) of our Company from Fiscal 2016. The License Agreement is valid until September 30, 2024, after which the agreement will be automatically renewed for a further period of five years on the same terms, unless otherwise decided by both parties or upon occurrence of a breach by either party of the material terms of the license arrangement. The agreement is not terminable unless mutually agreed by both parties.

Technology

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

Our Company has various security controls in place to mitigate risks and safeguard the Company against security breaches and technological lapses, including established disaster recovery centres located in different seismic zones, periodic upgrading of servers and data storage, accreditation from the International Organisation for Standardisation for our Company's information security management system and regular audits. All our branches are online, connected through a virtual private network with our central server located at our data centre.

Insurance

We are covered under various types of insurance covers that are customary for companies operating in similar businesses. These include insurance coverage against losses occasioned by fire, burglary for the premises and

equipment and electronic appliances in our offices, fidelity guarantee policy that covers certain employees and money insurance policy in respect of cash-in-safe and in-transit. For certain risks relating to our insurance coverage, please refer to “*Risk Factors – Our insurance coverage may not adequately protect us against losses*” on page 33 of this Draft Shelf Prospectus.

Properties

Our registered office is at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai – 600 004, Tamil Nadu, India. Our corporate office is at Wockhardt Towers, Level 3, West Wing, C-2, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India. As of March 31, 2019, we had 1,545 branches across India. We typically enter into lease agreements for these strategic business units and branch locations.

Collaborations

Our Company has not entered into any collaboration, any performance guarantee or assistance in marketing by any collaborators.

Competition

We believe that we do not face any significant competition from organised players in our principal business line, the pre-owned commercial vehicle financing sector. Small NBFCs in the organised sector have not been able to increase their scale of operations to the level of our Company. Most of our customers are not a focus segment for banks or large NBFCs, as these customers lack substantial credit histories and other financial documentation on which many of such financial institutions rely to identify and target new customers. We believe our experience based valuation methodology, our expanding product portfolio, growing customer base and relationship-based approach are key competitive advantages against new market entrants. Our primary competition comprises private unorganised financiers that principally operate in the local market. These private operators have significant local market expertise, but lack brand image and organizational structure. The small private financiers also have limited access to funds and may not be able to compete with us on interest rates extended to borrowers, which we are able to maintain at competitive levels because of our access to a variety of comparatively lower cost of funding sources and operational efficiencies from our scale of operations. However, private operators may attract certain clients who are unable to otherwise comply with our loan requirements, such as the absence of an acceptable guarantor or failure of the commercial vehicle to meet our asset valuation benchmarks. For new commercial vehicle financing, we compete with more conventional lenders, such as banks and other NBFCs. Given the relatively minimal scale of our present operations in our other business lines, we do not directly compete with others in these segments. However, as our operations in our other business lines expand, we may face significant competition in these segments in future.

HISTORY, MAIN OBJECTS AND KEY AGREEMENTS

Brief background of our Company

Our Company was incorporated as a public limited company under the provisions of the Companies Act, 1956, by a certificate of incorporation dated June 30, 1979, issued by the ROC, Chennai, Tamil Nadu. Our Company commenced its operations, pursuant to a certificate of commencement of business dated October 9, 1979. Subsequently, our Company has obtained a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007 (bearing registration no. 07-00459).

Registered office and change in registered office of our Company

The registered office of our Company is Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu – 600 004. The Board of Directors of the Company at its meeting held on July 22, 2010, had inter alia approved to shift the registered office of our Company from 123, Angappa Naicken Street, Chennai, Tamil Nadu – 600 001, to the present address.

Amalgamation of Shriram Investments Limited and Shriram Overseas Finance Limited with our Company

The Hon'ble High Court of Madras vide its order dated November 25, 2005, approved the scheme of arrangement and amalgamation of the erstwhile SIL, with our Company, ("**SIL Scheme of Merger**"). The appointed date for the SIL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares pursuant to the SIL Scheme of Merger was December 21, 2005.

The Hon'ble High Court of Madras vide its order dated December 1, 2006, approved the scheme of arrangement and amalgamation of the erstwhile SOFL with our Company, ("**SOFL Scheme of Merger**"). The appointed date for the SOFL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares pursuant to the SOFL Scheme of Merger was February 9, 2007.

Amalgamation of Shriram Holdings (Madras) Private Limited with our Company

Pursuant to the SHMPL Scheme of Merger sanctioned under Section 391 to 394 read with Section 100 to 104 of the Companies Act, 1956, between our Company and SHMPL, as approved by the Hon'ble High Court of Madras vide the SHMPL Merger Order, the business and undertaking of SHMPL, our erstwhile promoter, was merged into our Company with a view of, inter alia, reducing shareholding tiers, optimizing administrative costs and enabling the shareholders of SHMPL to hold equity shares directly in our Company. The appointed date under the SHMPL Scheme of Merger was April 1, 2012, and the SHMPL Scheme of Merger became effective from November 5, 2012 when a certified true copy of the order of the Hon'ble High Court of Madras approving the SHMPL Scheme of Merger was filed with the ROC by SHMPL and our Company, ("**SHMPL Effective Date**"). On the SHMPL Effective Date, SHMPL was merged into our Company without winding up of SHMPL under Section 394 of the Companies Act, 1956. Pursuant to the SHMPL Scheme of Merger, 93,872,380 equity shares of the face value of Rs.10 each fully paid up of our Company, were issued and allotted, to the members of SHMPL whose names were recorded in the register of members of SHMPL on November 5, 2012 in connection with the SHMPL Scheme of Merger, in the ratio of 313:124 i.e. 313 equity shares of the face value of Rs.10 each fully paid up of our Company issued for every 124 equity shares of the face value of Rs.10 each fully paid up of SHMPL, held by the respective members thereof. Accordingly, 93,371,512 (Nine crores thirty-three lacs seventy-one thousand five hundred and twelve only) equity shares of the face value of Rs.10 each of our Company, earlier held by SHMPL stood cancelled pursuant to the SHMPL Scheme of Merger coming into effect.

Amalgamation of Shriram Equipment Finance Company Limited with our Company

Pursuant to the SEFCL Scheme of Merger sanctioned under Section 391 to 394 of the Companies Act, 1956, and the other applicable provisions of the Companies Act, 2013 between our Company and SEFCL, as approved by the Hon'ble High Court of Madras vide the SEFCL Merger Order dated March 31, 2016. Accordingly, the business and undertaking of SEFCL, our erstwhile subsidiary, was merged into our Company to enable greater focus and attain synergy benefits which would inter alia result in simplification of group structures, integration of operations, better administration and cost reduction. The appointed date under the SEFCL Scheme of Merger was April 1, 2015, and the SEFCL Scheme of Merger became effective from April 19, 2016 when a certified true copy of the order of the Hon'ble High Court of Madras approving the SEFCL Scheme of Merger was filed

with the ROC by SEFCL and our Company, (“**SEFCL Effective Date**”). On the SEFCL Effective Date, SEFCL was merged into our Company without winding up of SEFCL under Section 394 of the Companies Act, 1956 and the authorized share capital of our Company was reorganised from Rs.5,970,000,000 divided into 397,000,000 Equity Shares of Rs.10 each and 20,000,000 cumulative redeemable preference shares of Rs.100 each to Rs.15,970,000,000 divided into 647,000,000 Equity Shares of Rs.10 each and 95,000,000 redeemable preference shares of Rs.100 each. Pursuant to the SEFCL Effective Date, no equity shares of our Company were allotted in lieu of our Company holding shares in SEFCL and the share capital of SEFCL stood cancelled.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

- To carry on and undertake business as Financiers and Capitalists, to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of vehicles, motor cars, motor buses, motor lorries, scooters and all other vehicles;
- To undertake and carry on all operations and transactions in regard to business of any kind in the same way as an individual capitalist may lawfully undertake and carry out and in particular the financing Hire Purchase Contracts relating to vehicles of all kinds;
- To carry on and undertake business as Financier and Capitalists to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of property, movable or immovable goods, chattels, lands, bullion;
- To undertake and carry on all operations and transactions in regard to business of any kind in the same manner as an individual capitalist may lawfully undertake and carryout and in particular financing hire purchase contracts relating to property or assets of any description either immovable or movable such as houses, lands, stocks, shares, Government Bonds;
- To carry on and become engaged in financial, monetary and other business transactions that are usually and commonly carried on by Commercial Financing Houses, Shroffs, Credit Corporations, Merchants, Factory, Trade and General Financiers and Capitalists;
- To lend, with or without security, deposit or advance money, securities and property to, or with, such persons and on such terms as may seem expedient;
- To purchase or otherwise acquire all forms of immovable and movable property including Machinery, Equipment, Motor Vehicles, Building, Cinema Houses, Animals and all consumer and Industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased, and leased be new and/or used;
- To provide a leasing advisory counselling service to other entities and/or form the leasing arm for other entities;
- The Company shall either singly or in association with other Bodies Corporate act as Asset Management Company/Manager/Fund Manager in respect of any Scheme of Mutual Fund whether Open-End Scheme or Closed-end Scheme, floated/ to be floated by any Trust/Mutual Fund (whether offshore or on shore)/ Company by providing management of Mutual Fund for both offshore and on shore Mutual Funds, Financial Services Consultancy, exchange of research and analysis on commercial basis;
- Constitute any trust and to subscribe and act as, and to undertake and carry on the office or offices and duties of trustees, custodian trustees, executors, administrators, liquidators, receivers, treasurers, attorneys, nominees and agents; and to manage the funds of all kinds of trusts and to render periodic advice on investments, finance, taxation and to invest these funds from time to time in various forms of investments including shares, term loans and debentures etc.;
- Carry on and undertake the business of portfolio investment and Management, for both individuals as well as large Corporate Bodies and/or such other bodies as approved by the Government, in Equity Shares, Preference Shares, Stock, Debentures (both convertible and non-convertible), Company deposits, bonds, units, loans obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities and/or any other Financial Instruments, and to

provide a package of Investment/Merchant Banking Services by acting as Managers to Public Issue of securities, to act as underwriters, issue house and to carry on the business of Registrar to Public issue/various investment schemes and to act as Brokers to Public Issue;

- Without prejudice to the generality of the foregoing to acquire any share, stocks, debentures, debenture-stock, bonds, units of any Mutual Fund Scheme or any other statutory body including Unit Trust of India, obligations or securities by original subscription, and/or through markets both primary, secondary or otherwise participating in syndicates, tender, purchase, (through any stock exchange, OTC exchange or privately), exchange or otherwise and to subscribe for the same whether or not fully paid up, either conditionally or otherwise, to guarantee the subscription thereof and to exercise and to enforce all rights and powers conferred by or incidental to the ownership thereof and to advance deposit or lend money against securities and properties to or with any company, body corporate, firms, person or association or without security and on such terms as may be determined from time to time;
- To engage in Merchant Banking activities, Venture Capital, acquisitions, amalgamations and all related merchant banking activities including loan syndication;
- To carry on the business as manufacturers, Exporters, Importers, Contractors, Sub-contractors, Sellers, Buyers, Lessors or Lessees and Agents for Wind Electric Generators and turbines, Hydro turbines, Thermal Turbines, Solar modules and components and parts including Rotor blades, Braking systems, Tower, Nacelle, Control unit, Generators, etc. and to set up Wind Farms for the company and/or for others either singly or jointly and also to generate, acquire by purchase in bulk, accumulate, sell, distribute and supply electricity and other power (subject to and in accordance with the laws in force from time to time);
- To carry on business of an investment company or an Investment Trust Company, to undertake and transact trust and agency investment, financial business, financiers and for that purpose to lend or invest money and negotiate loans in any form or manner, to draw, accept, endorse, discount, buy, sell and deal in bills of exchange, hundies, promissory notes and other negotiable instruments and securities and also to issue on commission, to subscribe for, underwrite, take, acquire and hold, sell and exchange and deal in shares, stocks, bonds or debentures or securities of any Government or Public Authority or Company, gold and silver and bullion and to form, promote and subsidise and assist companies, syndicates and partnership to promote and finance industrial enterprises and also to give any guarantees for payment of money or performance of any obligation or undertaking, to give advances, loans and subscribe to the capital of industrial undertakings and to undertake any business transaction or operation commonly carried on or undertaken by capitalists, promoters, financiers and underwriters;
- To act as investors, guarantors, underwriters and financiers with the object of financing Industrial Enterprises, to lend or deal with the money either with or without interest or security including in current or deposit account with any bank or banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to receive money on deposit or loan upon such terms and conditions as our Company may approve provided that our Company shall not do any banking business as defined under the Banking Regulations Act, 1949;
- To carry on in India or elsewhere the business of consultancy services in various fields, such as, general, administrative, commercial, financial, legal, economic, labour and industrial relations, public relations, statistical, accountancy, taxation and other allied services, promoting, enhancing propagating the activity of investment in securities, tendering necessary services related thereto, advising the potential investors on investment activities, acting as brokers, sub-brokers, Investment Consultant and to act as marketing agents, general agents, sub agents for individuals/ bodies corporate/Institutions for marketing of shares, securities, stocks, bonds, fully convertible debentures, partly convertible debentures, Non-convertible debentures, debenture stocks, warrants, certificates, premium notes, mortgages, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, general insurance products, life insurance products and other similar instruments whether issued by government, semi government, local authorities, public sector undertakings, companies corporations, co-operative societies, and other similar organizations at national and international levels;
- To carry on the business of buying, selling of trucks and other commercial vehicles and reconditioning, repairing, remodelling, redesigning of the vehicles and also acting as dealer for the said vehicles, for all the second hand commercial and other vehicles and to carry on the business of buying, selling, importing, exporting, distributing, assembling, repairing and dealing in all types of vehicles including re-conditioned and re-manufactured automobiles, two and three wheelers, tractors, trucks and other vehicles and

automobile spares, replacement parts, accessories, tools, implements, tyres and tubes, auto lamps, bulbs, tail light and head light bulbs, assemblies and all other spare parts and accessories as may be required in the automobile industry.

Amalgamation, acquisition, re-organisation or reconstruction undertaken by the Company in the last one year

There have been no amalgamations, acquisitions, re-organisations or re-constructions undertaken by the Company in the last one year, preceding the date of this Draft Shelf Prospectus.

Key events, milestones and achievements

Financial Year	Particulars
2015	* Our Company successfully completed Rs. 1,975 crores of public issue of debentures.
2016	* Fitch Ratings upgraded the Company's long-term issuer ratings to 'IND AA+' from 'IND AA'. * CRISIL upgraded our Company's long-term debt instruments and bank facilities, and fixed deposits to 'CRISIL AA+/FAAA/Stable' from 'CRISIL AA/FAA+/Positive'. * Merger of SEFCL with our Company.
2017	* Our Company successfully raised Rs. 1,350 crores through issuance of 'Masala Bonds' – Senior Secured Rupee Denominated Bonds' listed on Singapore Stock Exchange.
2018	* Our Company successfully raised Rs. 1,160 crores through issuance of 'Masala Bonds' – Senior Secured Rupee Denominated Bonds' listed on Singapore Stock Exchange. * Our Company sold the controlling stake (55.44%) in its then wholly owned subsidiary, Shriram Automall India Limited to MXC Solutions India Private Limited.
2019	* Our Company successfully raised US\$ 750 million through external commercial borrowing route during the year. * AUM crosses Rs. 1 lac crore.

Subsidiaries or associate companies

As on the date of this Draft Shelf Prospectus, our Company has no subsidiary company. Our Company holds 44.56% of the ownership interest in Shriram Automall India Limited, which is the only associate company of our Company.

Key terms of our Material Agreements

- (1) **License agreement dated November 21, 2014 between Shriram Ownership Trust ("SOT") and our Company read with the Addendum no. 1 to the license agreement dated March 18, 2016 between the same parties read with deed of novation cum amendment dated May 17, 2019 between the same parties and Shriram Value Services Limited ("SVS") (the "License Agreement")**

Pursuant to the License Agreement, SOT granted a non-exclusive license on a non-transferable and non-assignable basis to use the brand name "SHRIRAM" and the associated mark (the "**Brand Name**") to our Company in connection with the business activities of our Company in the territory of India during the term of the Brand Name. Pursuant to SOT gifting its intellectual property in "SHRIRAM" and associated marks to SVS, the Company, SOT and SVS have entered into a deed of novation cum amendment dated May 17, 2019 to record the same.

The main terms of the License Agreement include:

- (a) *Consideration:* A license fee of 1.00 per cent. on the total income of our Company every financial year. The total amount of license fee the Company pays to SOT (upto September 30, 2019) and to SVS (after September 30, 2019) in a Fiscal shall be subject to a ceiling of 5.00

per cent. of the profit of the Company before tax and license fee with effect from April 1, 2015.

- (b) *Duration:* The License Agreement will remain in force for a period of five years commencing from until September 30, 2024, after which the agreement will be automatically renewed for a further period of five years on the same terms, unless otherwise decided by both parties or upon occurrence of a breach by either party of the material terms of the license arrangement. The agreement is not terminable unless mutually agreed by both parties. Each party is entitled to terminate this Agreement upon a material breach of the terms and conditions of the license set forth in the agreement by the other party, which has not been cured within a period of 90 days following receipt of written notice of such breach.
- (c) *Arbitration:* Any dispute or difference arising between SOT / SVS and our Company shall be referred to an arbitrator decided on a mutual consent and the decision of the arbitrator is final and binding on both the parties. The place of arbitration shall be in Chennai.

(2) Agreement dated August 21, 2010 between SCL and our Company (the “Loan Agreement”)

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

- (a) *Limit:* The grant of the loans by our Company to SCL or to any of its associates/affiliates can be utilised in one or more tranches, subject to the total amount of net loans outstanding from SCL and/or its associates/affiliates to our Company in aggregate not exceeding Rs. 30,000.00 lacs at any point of time. The aggregate loans utilised by SCL and/or its associates/affiliates shall not exceed the aggregate of the net worth of SCL predetermined by the latest available audited balance sheet.
- (b) *Rate of interest:* Subject to the rate of interest payable on the loans not being lower than the prevailing bank rate, being the standard rate made public under section 49 of the RBI Act, the rate of interest shall be 11.00 per cent. per annum.
- (c) *Disbursement:* The disbursement of loans shall be subject to availability of liquid funds with our Company at the relevant point of time, payable quarterly for the period up to March 2011. The interest rate shall be fixed on a half yearly basis on every April 1 and October 1 for the succeeding six month period, based on average cost of funds to the lender.

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

(3) Service Agreement dated May 3, 2017 between SCL and our Company (the “Service Agreement”)

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

- (a) *Role of SCL:* SCL shall continue to render key support services to the Company, in connection with group strategy, new ventures, our management information system, synergy, group human resource, brand building, risk management, taxation, regulatory, secretarial, group information technology, external relations, corporate communications and investor relations. The Company shall utilise these key support services, in accordance with the terms of the Service Agreement.
- (b) *Consideration:* Our Company paid Rs. 3,990.00 lacs plus taxes as consideration for the services rendered under this agreement for the year ended March 31, 2019, in quarterly instalments. Subject to annual review by the Board of Directors and/ or the Audit Committee of our Company, the fee may be increased by up to 5.00 per cent. per annum over the fee paid in the previous financial year and shall be payable in quarterly instalments.

- (c) *Term:* The Service Agreement came into force with effect from April 1, 2017 and is valid for a period of 5 years from that date. Upon expiry of the initial term, the agreement will stand automatically renewed with the same annual increases as set out herein unless otherwise agreed in writing by the parties.
- (d) *Arbitration:* All disputes under the Service Agreement shall be settled by arbitration by a sole arbitrator to be mutually agreed by the parties in accordance with the provisions of Arbitration and Conciliation Act, 1996. The place of arbitration is in Chennai and the language of arbitration is English.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. As on the date of this Draft Shelf Prospectus, we have 8 (eight) Directors on our Board.

Details relating to Directors

Name, Designation, Age and DIN	Date of Appointment	Address	Other Directorships
<p>Mr. Lakshminarayanan Subramanian <i>Chairman, Non-Executive and Independent Director</i></p> <p>Age: 72 years</p> <p>DIN: 02808698</p> <p>Term: Five years with effect from January 24, 2015. At the 40th AGM held on June 27, 2019, the shareholders of our Company have approved extension of his tenure by a period of five years.</p> <p>Nationality: Indian</p>	September 22, 2009	33, Paschimi Marg, First Floor, Vasant Vihar, New Delhi – 110 057	<p>i. Indofil Industries Limited;</p> <p>ii. ELCOM Systems Private Limited;</p> <p>iii. Innovative Oncology Network Private Limited;</p> <p>iv. Shriram Life Insurance Company Limited; and</p> <p>v. Shriram Automall India Limited.</p>
<p>Mr. Umesh Govind Revankar <i>Managing Director and Chief Executive Officer</i></p> <p>Age: 54 years</p> <p>DIN: 00141189</p> <p>Term: For a period of three years from the date of appointment. At the 40th AGM held on June 27, 2019, the shareholders of our Company have approved extension of his tenure by a period of five years.</p> <p>Nationality: Indian</p>	October 25, 2016	1001, Simran CHS Ltd., Plot no. 9, 15 th Road, Khar (West), Near Gabana HDFC Bank, Mumbai - 400052	<p>i. Shriram Automall India Limited;</p> <p>ii. Shriram Capital Limited;</p> <p>iii. Shriram Credit Company Limited;</p> <p>iv. Shriram General Insurance Company Limited;</p> <p>v. Shriram Life Insurance Company Limited;</p> <p>vi. Shriram Seva Sankalp Foundation; and</p> <p>vii. Finance Industry Development Council.</p>
<p>Mr. Puneet Bhatia <i>Non-Executive and Non-Independent Director</i></p> <p>Age: 52 years</p> <p>DIN: 00143973</p>	October 26, 2006	525 A, Magnolias, DLF Golf Course, DLF Phase 5, Gurgaon, Haryana- 122 009	<p>i. Havells India Limited;</p> <p>ii. Jana Capital Limited;</p> <p>iii. TPG Capital India Private Limited;</p> <p>iv. Flare Estate Private Limited;</p> <p>v. Campus Activewear Private Limited;</p> <p>vi. Manipal Health Enterprises Private Limited;</p>

Name, Designation, Age and DIN	Date of Appointment	Address	Other Directorships
Term: Liable to retire by rotation Nationality: Indian			vii. Shriram Capital Limited; viii. R R Kabel Limited; ix. Sai Life Sciences Limited; and x. Ram Ratna Electricals Limited.
Mrs. Kishori Udeshi <i>Non-Executive and Independent Director</i> Age: 75 years DIN: 01344073 Term: Five years with effect from January 24, 2015. The shareholders of our Company have approved by postal ballot declared on December 5, 2018, extension of her tenure by a period of five years with effect from April 1, 2019. Nationality: Indian	October 30, 2012	15, Sumit Apartment, 31, Carmichael Road, Mumbai-400 026	i. Elantas Beck India Limited; ii. Kalyan Jewellers India Limited; iii. Shriram Automall India Limited; iv. SOTC Travel Limited; v. HSBC Asset Management (India) Pvt. Ltd.; vi. ION Exchange (India) Ltd.; vii. HALDYN Glass Ltd.; and viii. Thomas Cook (India) Ltd.
Mr. Sridhar Srinivasan <i>Non-Executive and Independent Director</i> Age: 68 years DIN: 00004272 Term: Five years with effect from October 20, 2014. At the 40 th AGM held on June 27, 2019, the shareholders of our Company have approved extension of his tenure by a period of five years. Nationality: Indian	October 20, 2014	D-905, Ashok Towers, Dr. S.S Rao Road, Parel, Mumbai- 400 012	i. Jubilant Life Sciences Limited; ii. Strides Pharma Science Limited; iii. Tourism Finance Corporation of India Limited; iv. DCB Bank Limited; v. Sewa Grih Rin Limited; vi. IIFL Home Finance Limited; vii. Strategic Research and Information Capital Services Private Limited; viii. GVFL Trustee Company Private Limited; ix. Universal Trustees Private Limited; and x. BSV Associates LLP; xi. Essfore Consultancy Services Private Limited.
Mr. Ravi Devaki Venkataraman <i>Non-Executive and Non-Independent Director</i> Age: 54 years DIN: 00171603 Term: Liable to retire by Rotation Nationality: Indian	June 18, 2015	B3E, Regal Palm Gardens, CEE DEE YES Apartments, Velachery Tambaram Road, Velachery, Chennai-600 042	i. Asia Global Trading (Chennai) Private Limited; ii. Shriram Properties Holdings Private Limited; iii. Shriram Capital Limited; iv. Shriram Credit Company Limited; v. Envestor Ventures Limited; vi. Shriram Financial Ventures (Chennai) Private Limited; vii. Esyspro Infotech Limited; viii. DRP Consultants Private Limited; ix. Shrilekha Business Consultancy Private Limited; x. TAKE Solutions Pte Limited;

Name, Designation, Age and DIN	Date of Appointment	Address	Other Directorships
			xi. Eywa Pharma Pte Limited; xii. TAKE Solutions Limited; xiii. Shriram Seva Sankalp Foundation; xiv. Take Sports Management Private Limited; and xv. DRP Consultants Pte Ltd.
Mr. Pradeep Kumar Panja <i>Non-Executive and Independent Director</i> Age: 63 years DIN: 03614568 Term: Five years with effect from October 25, 2018 Nationality: Indian	October 25, 2018	'Bhaskara' No. 21, 1st Main Road, 4th Cross, Gaurav Nagar, JP Nagar, 7th Phase, Bangalore - 560078	i. Omax Autos Limited; ii. Trigyn Technologies Limited; iii. Brigade Enterprises Limited; iv. Penna Cement Industries Limited; v. Acme Solar Holdings Limited; vi. Svamaan Financial Services Private Limited; vii. Indiabulls Asset Reconstruction Company Limited; viii. Brigade Properties Private Limited; and ix. Katalyst Software Services Limited.
Mr. Ignatius Michael Viljoen <i>Non-Executive and Non-Independent Director</i> Age: 46 years DIN: 08452443 Term: Liable to retire by Rotation Nationality: South African	May 14, 2019	419, Highland Road, Kensington, Johannesburg, South Africa - 2094	Sanlam Credit Fund Advisor (Pty) Limited

Brief biographies of the Directors

Mr. Lakshminarayanan Subramanian was a member of the Indian Administrative Service (retired) and held various senior positions in government departments including Secretary in Ministry of Home Affairs. He has wide experience in the fields of administration and public relations.

Mr. Sridhar Srinivasan is a Non-Executive and Independent Director of our Company since October 20, 2014. He also serves as a director on the board of directors of DCB Bank Limited and IIFL Home Finance Limited, among other companies.

Mr. Ravi Devaki Venkataraman holds a Bachelor's degree in Commerce from University of Bangalore and Post-graduate diploma in Rural Management from the Institute of Rural Management, Anand. He has wide experience in the areas of corporate strategy and services, corporate finance, IT and process activities of Shriram Group.

Mr. Umesh Revankar is the Managing Director and Chief Executive Officer of our Company with effect from October 26, 2016. He also serves as a director on the board of directors of Finance Industry Development Council, among other companies. He has extensive experience in the financial services business of companies in Shriram Group, expert and in-depth knowledge and specialization in commercial vehicle financing, business development.

Mr. Ignatius Michael Viljoen holds a Master's degree in Economics with distinction from the University of the Orange Free State, Republic of South Africa. He is a Non-Executive and Non-Independent Director of our

Company since May 14, 2019. He also serves as a director on the board of directors of Sanlam Credit Fund Advisor (Pty) Limited.

Mr. Pradeep Kumar Panja holds Master's degree in Science (Statistics) from the University of Madras. He is a Non-Executive and Independent Director of our Company since October 25, 2018. He also serves as a director on the board of directors of Acme Solar Holdings Limited and Indiabulls Asset Reconstruction Company Limited, among other companies.

Mrs. Kishori Udeshi holds Master's degree in Economics from University of Bombay. Retired as Deputy Governor of Reserve Bank of India. She has wide experience in banking, non-banking sector, financial sector and regulatory matters.

Mr. Puneet Bhatia is a Non-Executive and Non-Independent Director of our Company since October 26, 2006. He also serves as a director on the board of directors of Havells India Limited and TPG Capital India Private Limited, among other companies.

Remuneration of the Directors

None of our Non-executive Non-Independent Directors, except our Managing Director & CEO, have been paid any sums as remuneration by our Company in the last five financial years.

The independent directors are entitled to be paid sitting fees for attending the various meetings of the Board and of the Committees of the Board as under:

Meeting	Overall limit per Director (Rs.)
Meetings of the Board	50,000
Meetings of any committee of the Board	25,000
Meeting of the Independent Directors	15,000

Pursuant to a resolution passed by the shareholders of our company dated June 29, 2017, the independent directors are entitled to payment of commission for the period commencing from April 1, 2017 until March 31, 2022, as may be decided by the Board of Directors for each financial year subject to a limit of 1% of the net profits of the Company per annum in terms of Section 197 of the Companies Act and computed in the manner referred to in Section 198 of the Companies Act.

Appointment and Remuneration of the Managing Director & CEO

Mr. Umesh Govind Revankar, has been appointed as the Managing Director & CEO of our Company for a period of 3 (three) years with effect from October 26, 2016 pursuant to a resolution of the Board of Directors of our Company passed at their meeting held on October 25, 2016 and the resolution of the shareholders of our Company passed in the AGM dated June 29, 2017. At the 40th AGM held on June 27, 2019, the shareholders of our Company have approved extension of his tenure by a period of five years with effect from October 26, 2019. The remuneration payable to our Managing Director & CEO by way of salary and other key perquisites (as authorised by the shareholders of our Company pursuant to resolution(s) passed at their AGM held on June 29, 2017), is as follows:

(A) Remuneration

- (i) Salary: Rs. 350,000.00 per month. Annual increase will be effective 1st April every year and the quantum will be decided by the Board of Directors on the recommendation of Nomination and Remuneration Committee ("NRC").
- (ii) Commission: The Board on the recommendation of NRC will decide the commission based on criteria laid down by the NRC subject to a ceiling of 1% on the net profits of the Company.

(B) Perquisites

- (i) Housing: Rent free accommodation owned/ leased/rented by our Company or housing allowance in lieu thereof as per the rules of our Company.

- (ii) Payment of water, gas, electricity and furnishing charges for residence, to be valued in accordance with Income Tax Rules, subject to a maximum of 10.00% of the salary.
- (iii) Medical Reimbursement: Reimbursement of medical, surgical and hospitalisation expenses for the Managing Director & CEO and family subject to a maximum of Rs. 100,000.00 per annum.
- (iv) Leave travel concession for the Managing Director & CEO and family, subject to a maximum of Rs. 200,000.00 per annum.
- (v) Personal accident/ Group Insurance: Annual premium shall not exceed Rs. 4,000.00.
- (vi) Club fees: Subscription limited to a maximum of two clubs. No life membership or admission fees shall be paid by our Company. All official expenses in connection with such membership incurred would be reimbursed by our Company.
- (vii) Expenditure on official entertainment would be on our Company's account.
- (viii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of our Company. These will not be considered or included for the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the I.T. Act.
- (ix) Gratuity: Not exceeding half a month's salary for each completed year of service.

(C) Other Applicable Terms

The Managing Director & CEO shall not be paid any sitting fees for attending general meetings and meetings of the Board or any committee thereof.

The Board may revise, alter and vary the terms and conditions of his appointment, in accordance with the general policy of the Company including the remuneration policy in force from time to time, as it may deem fit and proper subject to the applicable provisions of Schedule V of the Companies Act.

Unless the Board decides otherwise, the Managing Director & CEO will not be liable to retire by rotation at the Annual General Meeting till such time he holds the office of the Managing Director & CEO of the Company.

Remuneration, commission, sitting fees, etc. paid by our Company to the Directors in the last three Fiscals

The details of remuneration, sitting fees and commission paid/payable to the Directors by our Company during the last three Fiscals are as under:

<i>(in Rs.)</i>				
Sr. No.	Name of the Director	Fiscal 2019	Fiscal 2018	Fiscal 2017
1.	Mr. S. Lakshminarayanan	1,190,000	1,240,000	955,000
2.	Mr. Umesh Revankar (Managing Director & CEO)	6,697,212*	5,925,599**	4,888,392***
3.	Mr. S. M. Bafna [#]	1,115,000	1,065,000	1,130,000
4.	Mr. Puneet Bhatia	-	-	-
5.	Mr. Amitabh Chaudhry (upto October 25, 2018) [#]	702,400	1,000,000	1,030,000
6.	Mrs. Kishori Udeshi	1,215,000	1,240,000	1,055,000
7.	Mr. Gerrit Lodewyk Van Heerde	-	-	-
8.	Mr. S. Sridhar	1,190,000	1,190,000	855,000
9.	Mr. Pradeep Kumar Panja (w.e.f. October 25, 2018)	487,600	-	-
10.	Mr. D. V. Ravi	-	-	-
11.	Mr. Jasmit Singh Gujral [#]	-	-	4,075,316
12.	Mr. Ramakrishnan Subramanian [#] (July 27, 2016 to February 03, 2017)	-	-	-

[#]Erstwhile Directors of our Company

* Mr. Umesh Revankar's remuneration for Fiscal 2019 includes salary of Rs. 5,010,270, perquisites aggregating to Rs. 683,898 and contributions to provident fund and national pension scheme of Rs. 547,116 and Rs. 455,928 respectively.

** Mr. Umesh Revankar's remuneration for Fiscal 2018 includes salary of Rs. 4,402,682, perquisites aggregating to Rs. 617,403 and contributions to provident fund and national pension scheme of Rs. 493,920 and Rs. 411,594 respectively.

*** Mr. Umesh Revankar is appointed as Managing Director and CEO of the Company for a period of 3 years with effect from October 26, 2016. Mr. Umesh Revankar's remuneration for Fiscal 2017 includes salary and incentive of Rs. 3,219,410, perquisites aggregating to Rs. 1,245,161 and contributions to provident fund and national pension scheme of Rs. 423,821.

Borrowing Powers of the Board

The shareholders of our Company have passed a special resolution under section 180(1)(c) of the Companies Act, 2013 through postal ballot on June 13, 2019 giving their consent to the Board of directors and the committee constituted by the Board to borrow sums of money through all permissible methods including issue of redeemable non-convertible debentures as they may deem necessary for the purpose of the business of our Company upon such terms and conditions as the Board or committee may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained and/or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed Rs. 150,000 crore (Rupees one lac fifty thousand crores only). The shareholders of our Company have also passed a special resolution under section 180(1)(a) of the Companies Act, 2013 through postal ballot on June 13, 2019 giving their consent to the Board and committee constituted by the Board for creating security in connection with the secured borrowings of the Company by way of mortgage/charge of movable or immovable properties including the whole or substantially whole of the undertaking(s) of the Company, both present and future, in favour of any person including bank(s), insurance company(ies), mutual fund(s), corporate body(ies), trustees, financial institution(s), up to a sum not exceeding Rs. 180,000 crore (Rupees one lac eighty thousand crore only).

Interest of our Directors

All the non-executive Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the board or a committee thereof and the Managing Director and CEO may be deemed to be interested to extent of other remuneration and reimbursement of expenses payable to him. The independent directors may be deemed to be interested to the extent of commission out of net profits as may be paid to them as approved by the shareholders in AGM held on June 29, 2017.

None of the Directors hold any Equity Shares/ debentures/ subordinated debt of our Company (other than Mr. Pradeep Kumar Panja, who holds certain debentures of our Company as detailed herein) in their own capacity or through by companies, firms and trusts in which they are interested as directors, partners, members or trustees.

Sr. No.	Name of Director	No. of debentures held	Nominal value of debenture (Rs./debenture)	Aggregate Amount (Rs. in lacs)
1.	Mr. Pradeep Kumar Panja	1,000	1,000	10

As on date of this Draft Shelf Prospectus, none of the Directors are interested in any contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Our Company's directors have not taken any loan from our Company.

Our Directors are not related to each other.

None of the Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Draft Shelf Prospectus.

Changes in the Directors of our Company during the last three years

The changes in the Board of Directors of our Company in the three years preceding the date of the Draft Shelf Prospectus are as follows:

Name of the Director, Designation and DIN	Date of Appointment/ Resignation	Director of our Company since	Remarks
Mr. Umesh Govind Revankar <i>Non Executive and Non Independent Director</i> DIN: 00141189	July 27, 2016	April 1, 2012	Retired as the Director
Mr. Jasmit Singh Gujral <i>Managing Director and Chief Executive Officer</i> DIN: 00196707	April 30, 2016	April 30, 2016	Appointed as an Additional Director and as the Managing Director and Chief Executive Officer of the Company
Mr. Jasmit Singh Gujral <i>Managing Director and Chief Executive Officer</i> DIN: 00196707	October 25, 2016	April 30, 2016	Resigned as the Managing Director and Chief Executive Officer w.e.f. end of business hours on October 25, 2016
Mr. Umesh Govind Revankar <i>Managing Director and Chief Executive Officer</i> DIN: 00141189	October 25, 2016	October 25, 2016	Appointed as an Additional Director w.e.f. October 25, 2016 and Managing Director and Chief Executive Officer w.e.f. October 26, 2016
Mr. Ramakrishnan Subramanian <i>Non Executive and Non Independent Director</i> DIN: 02192747	July 27, 2016	July 27, 2016	Appointed as Non Executive and Non Independent Director
Mr. Ramakrishnan Subramanian <i>Non Executive and Non Independent Director</i> DIN: 02192747	February 3, 2017	July 27, 2016	Resigned as Non Executive and Non Independent Director
Mr. Amitabh Chaudhry <i>Non- Executive and Independent Director</i> DIN: 00531120	October 26, 2018	October 30, 2012	Resigned as Non- Executive and Independent Director
Mr. Pradeep Kumar Panja <i>Non-Executive and Independent Director</i>	October 25, 2018	October 25, 2018	Appointed as Non- Executive and Independent Director

Name of the Director, Designation and DIN	Date of Appointment/ Resignation	Director of our Company since	Remarks
DIN: 03614568			
Mr. Sumati Prasad Mishrilal Bafna <i>Non-Executive and Independent Director</i> DIN: 00162546	April 01, 2019	September 09, 2005	Retired as an Independent Director
Mr. Gerrit Lodewyk Van Heerde <i>Non-Executive and Non-Independent Director</i> DIN: 06870337	May 09, 2019	May 15, 2014	Resigned as a Non-Independent Director
Mr. Ignatius Michael Viljoen <i>Non-Executive and Non-Independent Director</i> DIN: 08452443	May 14, 2019	May 14, 2019	Appointed as Non-Executive and Non-Independent Director

Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our AOA, Directors are not required to hold any qualification shares.

Details of the Equity Shares held in our Company by our Directors, as on March 31, 2019 – Nil.

Corporate Governance

Our Company has been complying with the requirements of the applicable law, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board is constituted in compliance with the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board detailed reports on its performance periodically.

Details of various committees of the Board

Our Company has constituted the following committees of Directors, having the members listed below:

Sr. No.	Committee	Members
(i)	Allotment Committee NCDs	Mr. Umesh Revankar (Chairman) Mr. D.V.Ravi Mr. S. Sunder Mr. Parag Sharma
(ii)	Asset Liability Management Committee	Mrs. Kishori Udeshi (Chairman) Mr. Umesh Revankar Mr. Parag Sharma
(iii)	Audit Committee	Mr. S. Sridhar (Chairman) Mrs. Kishori Udeshi Mr. Puneet Bhatia Mr. Pradeep Kumar Panja
(iv)	Banking and Finance Committee	Mr. Umesh Revankar (Chairman) Mr. S. Sunder Mr. Parag Sharma
(v)	Corporate Social Responsibility Committee	Mr. Umesh Revankar (Chairman) Mr. Lakshminarayanan Subramanian Mrs. Kishori Udeshi Mr. Pradeep Kumar Panja Mr. Puneet Bhatia
(vi)	Debt Issuance Committee	Mr. Umesh Revankar (Chairman) Mr. D.V.Ravi Mr. S. Sunder Mr. Parag Sharma Mr. Vivek M. Achwal
(vii)	Investment Review Committee	Mr. Umesh Revankar (Chairman) Mr. D.V.Ravi Mr. S. Sunder Mr. Parag Sharma
(viii)	IT Strategy Committee	Mr. S. Sridhar (Chairman) Mr. Umesh Revankar Mr. Balasundar Rao Mr. Gayadhar Behera
(ix)	Nomination and Remuneration Committee	Mrs. Kishori Udeshi (Chairman) Mr. Lakshminarayanan Subramanian Mr. Puneet Bhatia Mr. Pradeep Kumar Panja
(x)	Risk Management Committee	Mr. Umesh Revankar (Chairman) Mr. D.V. Ravi Mr. S. Sunder
(xi)	Securities Transfer Committee	Mr. Umesh Revankar (Chairman) Mr. S. Sunder Mr. Vivek M. Achwal
(xii)	Stakeholders' Relationship Committee	Mr. Lakshminarayanan Subramanian (Chairman) Mr. Umesh Revankar Mr. Pradeep Kumar Panja

Other confirmations

No Director or Promoter or Key Managerial Personnel of our Company has any interest in or shall benefit from the proceeds of the Issue.

No Director of our Company is a director of or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies maintained by the Ministry of Corporate Affairs, Government of India.

No Director of our Company has been classified as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

No Director of our Company has been classified as a defaulter by the Export Credit Guarantee Corporation of India Limited.

Neither our Company, nor our Directors or Promoter have been debarred from accessing capital markets under any order or direction made by SEBI.

OUR PROMOTER

Profile of our Promoter

Our Promoter is Shriram Capital Limited (“SCL”).

Shriram Capital Limited (“SCL”) is a ‘systemically important core investment company’ registered with the RBI under Section 45-IA of the RBI Act. As on date of this Draft Shelf Prospectus, SCL holds 59,504,947 Equity Shares in the Company aggregating 26.23% of the paid-up capital. Shriram Financial Ventures (Chennai) Private Limited, a company forming part of the promoter group, holds 50,037 Equity Shares in the Company aggregating 0.02% of the paid-up capital.

SCL was incorporated as a private limited company under the Companies Act, 1956 with the name Shriram Chits & Investments Private Limited, vide a certificate of incorporation dated April 5, 1974, issued by the Registrar of Companies, Tamil Nadu. Thereafter, it was converted into a public limited company and the name was changed to Shriram Chits & Investments Limited, vide a fresh certificate of incorporation consequent to the change of status issued by Registrar of Companies, Madras on January 1, 1996. It was thereafter converted into a private limited company and the name was changed to Shriram Chits & Investments Private Limited, vide an endorsement made consequent to the change of reinstitution of the word “Private” by Registrar of Companies, Tamil Nadu, Chennai, on June 7, 2001. Subsequently, the name was changed into Shriram Financial Services Holdings Private Limited and a fresh certificate of incorporation dated December 21, 2004, was issued by the Registrar of Companies, Tamil Nadu, Chennai. Then, it was converted into a public limited company and the name was changed to Shriram Financial Services Holdings Limited, vide a fresh certificate of incorporation consequent to the change of status issued by Registrar of Companies, Tamil Nadu, Chennai, Andaman & Nicobar Islands, on February 11, 2008. Thereafter, the name was changed into Shriram Capital Limited and a fresh certificate of incorporation dated March 12, 2008, was issued by the Registrar of Companies, Andaman & Nicobar Islands, Tamil Nadu, Chennai. The registered office of SCL is located at “Shriram House”, No.4, Burkit Road, T Nagar, Chennai- 600017.

Interest of our Promoter

SCL does not have any interest in the Company other than the dividend paid as shareholder, fees paid in terms of the Service Agreement dated May 3, 2017 (details of which are recorded in the chapter titled ‘*History, Main Objects and Key Agreements*’ on page 124 of this Draft Shelf Prospectus) and reimbursement of expenses incurred on sharing of premises/infrastructures. For further details on related party transactions within the meaning of Accounting Standard 18 under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 (for the period prior to April 1, 2018) and Indian Accounting Standard 24 as notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended (for the period beginning on and from April 1, 2018), please refer to the chapter titled “*Financial Statements*” beginning on page 142 of this Draft Shelf Prospectus.

Other understandings and confirmations

Our Promoters (as per the Companies Act, 2013) have confirmed that they have not been identified as willful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters: (i) in the past 3 years; or (ii) in relation to which proceedings are currently pending against them. None of our Promoters are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Shareholding Pattern of SCL as on March 31, 2019

Sr. No.	Name of Shareholder	No. of shares held in demat/physical form	Total Shareholding as % of total no of equity shares
1.	Shriram Financial Ventures (Chennai) Private Limited	758,119,281	70.56
2.	Shrilekha Business Consultancy Private Limited	214,912,006	20.00

Sr. No.	Name of Shareholder	No. of shares held in demat/physical form	Total Shareholding as % of total no of equity shares
3.	TPG India Investments II INC	101,380,344	9.44
4.	Sri R Thyagarajan & Sri D V Ravi on behalf of Shriram Ownership Trust	250	0.00
5.	Piramal Enterprises Limited	1,000	0.00
6.	Mr. R Kannan	50	0.00
7.	Mr. S Natarajan	50	0.00
8.	Mr. D V Ravi	50	0.00
9.	Mr. G S Sundararajan	50	0.00
10.	Mr. S Murali	50	0.00
Total		1,074,413,131	100.00

Board of directors of SCL

1. Mr. Ajay Gopikisan Piramal – Chairman;
2. Mr. Rajesh Ratanlal Laddha – Managing Director & CEO;
3. Mr. Ravi Devaki Venkataraman – Managing Director;
4. Mr. N Lakshmi Narayanan – Independent Director;
5. Mr. Gowrishankar Kuppuswamy Tirumangalam – Independent Director;
6. Mr. Puneet Bhatia – Director;
7. Mr. Ian Maxwell Kirk – Director;
8. Mr. Heinie Carl Werth – Director;
9. Mrs. Akhila Srinivasan – Director;
10. Mr. Jasmit Singh Gujral – Director; and
11. Mr. Umesh Govind Revankar - Director.

SECTION V FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Joint audit report on the Audited Ind AS Standalone Financial Statements as at and for the financial year ended March 31, 2019 as issued by the Joint Statutory Auditors.	F-1
2.	Audited Ind AS Standalone Financial Statements as at and for the financial year ended March 31, 2019.	F-7
3.	Joint audit report on the Audited Ind AS Consolidated Financial Statements as at and for the financial year ended March 31, 2019 as issued by the Joint Statutory Auditors.	F-149
4.	Audited Ind AS Standalone Consolidated Financial Statements as at and for the financial year ended March 31, 2019.	F-156
5.	Joint examination report on Reformatted Standalone Financial Statements as at and for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 as issued by the Joint Statutory Auditors.	F-277
6.	Reformatted Standalone Financial Statements as at and for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018.	F-281
7.	Joint examination report on Reformatted Consolidated Financial Statements as at and for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 as issued by the Joint Statutory Auditors.	F-428
8.	Reformatted Consolidated Financial Statements as at and for the financial years ended March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018.	F-432

Haribhakti & Co. LLP
Chartered Accountants
705, Leela Business Park,
Andheri Kurla Road,
Andheri (East),
Mumbai - 400 059.

Pijush Gupta & Co.
Chartered Accountants
GF - 17 Augusta Point,
Golf Course Road,
Sector - 53
Gurugram - 122002

INDEPENDENT AUDITOR'S REPORT

To the Members of
Shriram Transport Finance Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Shriram Transport Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2019, its total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

