

**FORM A**

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1	Name of the Company:	Shriram Transport Finance Company Limited
2	Annual financial statements for the year ended	31st March 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	None
5	To be signed by:-	
	• Mr. Umesh Revankar CEO/Managing Director	
	• Mr. Parag Sharina Chief Financial Officer	
	• Auditors of the company:-  • Mr. Shirwan Jalan Partner Membership No. 102102 For S. R. Batliboi & Co. LLP. Chartered Accountants ICAI Firm Registration Number: 301003E	
	• Mr. Ameya Tumbekar Partner Membership No. - 128355 For G. D. Apte & Co. Chartered Accountants ICAI Firm Registration Number: 100515W	
	• Mr. M. S. Verma • Audit Committee Chairman	

For SHIRIRAM TRANSPORT FINANCE CO. LTD.

**CERTIFIED TRUE COPY.**V. M. Achwal  
Company Secretary

## **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

Regd.office : Mookambika Complex, 3rd Floor, No.4, Lady Desika Road, Mylapore,

Chennai - 600 004, Tamil Nadu, India. Tel: 91-44-24990356

Website : [www.stfc.in](http://www.stfc.in)

---

### **NOTICE**

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED** (the Company) will be held on Friday, July 05, 2013 at 11:00 a.m. at Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai – 600018, to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31,2013 and the Profit and Loss Account for the year ended on that date together with the Reports of Board of Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the Financial Year ended March 31,2013;
3. To appoint a Director in place of Mr. S. Lakshminarayanan, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint M/s. S. R. Batliboi & Co. LLP ,Chartered Accountants, Mumbai (Firm Registration Number 301003E) and M/s. G. D. Apte & Co., Chartered Accountants, Mumbai, (Firm Registration Number 100515W), jointly as Auditors of the Company to hold such office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting, on such remuneration plus out of pocket expenses, if any, as may be mutually agreed upon between the Board of Directors of the Company and the said Auditors;

#### **SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. R. Sridhar who was appointed as a Director of the Company on May 08, 2012 by the Board of Directors pursuant to Section 262 of the Companies Act,1956 (hereinafter referred to as ‘the Act’) in the casual vacancy caused by the resignation of Mr. S.Venkatakrishnan and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received Notice from a Member under Section 257 of the Companies Act,1956, signifying his intention to propose Mr. R. Sridhar as a candidate for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Amitabh Chaudhry, who was appointed as an Additional Director of the Company with effect from October 30, 2012 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as the “Act”) and who holds the office only upto the date of the ensuing Annual

General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing the candidature of Mr.Amitabh Chaudhry for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mrs. Kishori Udeshi, who was appointed as an Additional Director of the Company with effect from October 30, 2012 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as the “Act”) and who holds the office only upto the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing the candidature of Mrs. Kishori Udeshi for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in supersession of the resolution passed at the Thirty Third Annual General Meeting of the Company held on July 05, 2012, and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the “Act”), consent of the Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, to borrow for the purpose of the business of the Company from time to time on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained and/or to be obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the Paid up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, so that the total amounts up to which the monies may be borrowed by the Board of Directors shall not at any time exceed Rs. 50,000 Crore (Rupees Fifty Thousand Crore Only).

**RESOLVED FURTHER THAT** the Board or such Committee or person(s) as authorised by the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as it/they may consider necessary, expedient, usual or proper to give full effect to the aforesaid resolution, including but not limited to settle any questions or difficulties that may arise in this regard, if any, as it may, in its absolute discretion, deem fit, without requiring the Board to secure any further consent or approval of the Members of the Company to the intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in supersession of the resolution passed at the Thirty Third Annual General Meeting of the Company held on July 5, 2012, and pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the “Act”), consent of the Company be and is hereby accorded to the Board of Directors of the Company or its Committee as may be authorised by the Board of Directors, for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable properties of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in

favour of any person including, but not limited to, financial/investment institution(s), bank(s), insurance Company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the debentures, loans, hire purchase and/or lease portfolio management transaction(s) for finance and other credit facilities up to a sum not exceeding Rs. 62,500 Crore (Rupees Sixty Two Thousand Five Hundred Crore Only).

**RESOLVED FURTHER THAT** the Board of Directors or such Committee or person(s) as authorised by the Board of Directors be and is hereby authorised to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions as may be decided by the Board of Directors or such Committee in consultation with the lenders and for reserving the aforesaid right and for performing all such acts, things and deeds as may be necessary for giving full effect to this resolution."

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198 and 309, and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act"), approval of the Company be and is hereby accorded, for the payment of commission to Non-Executive independent directors of the Company, in addition to sitting fees for attending meetings of the Board or of a committee thereof and travelling and stay expenses, to each such director, as may be determined by the Board of directors of the Company, from time to time, for each financial year, for a period of five years commencing from 1<sup>st</sup> April 2012, within the overall limits, so as not to exceed in aggregate 1% of the net profits of the Company in each financial year, calculated in accordance with the provisions of Sections 349 and 350 of the Act."

11. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act"), and provisions of all other applicable laws, regulations applicable thereunder, provisions in the Memorandum of Association and Articles of Association of the Company and in accordance with the Listing Agreement entered into by the Company with the Stock Exchanges, where the Equity Shares of the Company are listed, and such other approvals, consents, permissions, and sanctions as may be necessary, the Articles of Association of the Company be and are hereby altered by deletion of following Articles 46 to 59 and Schedule 1 to 6 of the Articles of Association of the Company.

#### Articles Proposed to be deleted

#### "SECTION II

#### 46. PREAMBLE

- (i) The provisions of this Section II (Articles 46 to 59 ) shall apply notwithstanding anything to the contrary contained in the provisions of the other Articles and, in the event of any inconsistency, shall override the provisions of the other Articles.
- (ii) The rights and privileges granted to the Founders and the Investor pursuant to these Articles 46 to 59 shall continue until the same are terminated by written consent or agreement of each of them or otherwise or either of them or Shriram Holdings ceases to be a shareholder of the Company.

47. In this Section II, except where the context requires otherwise, the following terms shall have the following meaning:

- i. "Affiliate" means, when used with reference to a specified Person, (a) any Person that directly or indirectly, through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person, (b) any Person who, from time to time, is a Relative of a specified Person, and (c) any Person which, directly or indirectly, is the beneficial owner of twenty-five percent (25%) or more of any class of equity securities or other ownership interests of the specified Person or of which the specified Person is directly or indirectly the owner of twenty-five percent (25%) or more of any class of equity securities or other ownership interests;
- ii. "Applicable Law" means any Indian statute, law, ordinance, regulation, rule, order, bye law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India applicable to any Party or its Affiliates, as is in force from time to time;
- iii. "Board" or "Board of Directors" means the board of directors of the Company duly constituted in terms of Article 49 herein.
- iv. "Call Option Closing" shall have the meaning assigned in Article 53.3;
- v. "Call Option Notice" shall have the meaning assigned in Article 53.3;
- vi. "Code" means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall include a reference to any successor provision thereto;
- vii. "Closing" shall mean 2nd February, 2006;
- viii. "Combined Shriram Transport Securities" means the total number of shares and warrants held by the Investor and the Founders in the Company;
- ix. "Committee Reserved Matters" means (a) providing guidance to functional heads, setting performance benchmarks for and evaluating performance of functional heads, (b) development and supervision of implementation of strategy, operational plans and applicable budgets (c) implementation of corrective actions (including retention of third-party professional advisors and consultants and / or recommendations regarding replacement of functional heads) to ensure successful implementation for the following functions:
  1. Corporate finance, including but not limited to long term capital structure and treasury, including but not limited to aspects like securitization, evaluating various avenues of raising funds and cost of funds;
  2. Information technology, including but not limited to IT and MIS systems; and
  3. Credit and risk management, including but not limited to documentation, credit screens, data analytics, streamlining back office, and fraud management;
- x. "Connected Persons" of the Company includes:
  - a. any company under the same management (as defined by Section 370 (1-B) of the Act) as the Company;
  - b. the Founders, Founders Directors or any of their Affiliates;

- c. any Director of the Company or of any holding company or Subsidiaries of the Company or of any Affiliate of the Company (“such Director”);
- d. any director of any holding or subsidiary company of any Affiliate of the Founders;
- e. any Affiliate of the Company, or of such Director;
- f. any firm or unlisted company in which the Company, the Founders, any Founders Director or any Affiliate or partner of any such Director, Founders, or Affiliate is a partner, shareholder or director or has any share, Control or interest; or any listed company in which the Company, the Founders, any such Director or any Affiliate or partner of any such director, Founders, or Affiliate is a director or holds shares exceeding 1% of the paid-up equity share capital of such listed company; or
- g. any company, the board of directors, managing director or manager whereof acts or is accustomed to act in accordance with the directions or instructions of the Board of the Company, of the Founders, of any such Director or of any Affiliate mentioned above;

Provided that the term “Director” used in the aforementioned definition shall not include Directors other than Founders Directors and Investor Directors.

- xi. “Connected Persons Transactions” means any transaction between the Company and the Connected Persons;
- xii. “Control” (including with correlative meaning, the terms “Controlled by” and “under common Control” with) shall mean the power and ability to direct the management and policies of the controlled enterprise through ownership of voting shares of the controlled enterprise or by contract or otherwise;
- xiii. “Control Premium Percentage” means the percentage value of 30% which shall be applied for the purposes of computing the consideration for the call option provided for in Article 53.3, provided however, that should the transactions contemplated under Article 53.3 lead to an open offer under the Takeover Code as applicable at the Call Option Closing, the Control Premium Percentage shall be equivalent to the maximum amount payable as a non-compete fee percentage under Regulation 20(8) of the Takeover Code, without having to add the same or part thereof to the minimum offer price, subject to a ceiling of 30% and a floor of 25%;
- xiv. “Deed of Adherence” means a deed to be executed by the transferee of any shares from the Investor or the Founders substantially in the form set out in Schedule 1 to these Articles;
- xv. “Director” means a member of the Board of Directors of the Company;
- xvi. “Extraordinary Resolution” means:
  - a. in respect of a decision relating to the Company, a resolution of Shriram Holdings supported by the affirmative consent of the Investor and the Founders, or of the Board of Directors of the Company supported by the affirmative consent of a representative of the Investor and the Founders, both such representatives being directors nominated by Shriram Holdings on the Board of the Company;
  - b. where the Investor and the Founders are directly holding shares in the Company in accordance with the Agreement, a resolution of the Company supported by the affirmative consent of the Investor and the Founders, or as the case may be, a decision of the Board of Directors supported by the affirmative consent of at least two directors, one each nominated by the Investor and the Founders;

- xvii. “Fair Market Value of Shriram Transport” means, on a per share basis, the average of the daily high and low of the prices of the shares of the Company for the two weeks preceding the date of computation, quoted on the stock exchange which has the highest volumes during the twenty six week period preceding the date of computation, provided, however, in the event that the shares of Shriram Transport are not listed on any of the Stock Exchanges, the Fair Market Value of Shriram Transport shall be determined by an International Investment Bank;
- xviii. “Fair Market Value of Warrants in Shriram Transport” means the excess (positive difference) of (i) Fair Market Value of Shriram Transport over (ii) the balance price payable towards exercise of each warrant in the Company;
- xix. “Financial Year” shall mean a period of twelve months commencing from 1st April of any calendar year and ending on the 31st March of the next calendar year, unless otherwise decided by the Parties;
- xx. “Founders” mean Mr. R Thyagarajan, Mr. T Jayaraman, Mr. A V S Raja and Shriram Financial Services Holdings Private Limited, a Company incorporated under the Companies Act, 1956;
- xi. “Founders Directors” means the directors nominated on the Board by the Founders directly or Shriram Holdings as representatives of the Founders;
- xxii. “Fundamental Issues” means the matters set out in Schedule 2 to these Articles pertaining to the Company;
- xxiii. “International Investment Bank” means any of the investment banks listed in Schedule 3 to these Articles or their successors, to be mutually appointed by the Founders and the Investor;
- xxiv. “Investor” means Newbridge India Investments II Limited;
- xxv. “Investor Directors” the directors nominated on the Board by the Investor directly or by Shriram Holdings as representatives of the Investor;
- xxvi. “Investor Subscription Amount” means a sum of Rs. 3,247,967,535.00 (Rupees Three Billion Two Hundred Forty Seven Million Nine Hundred Sixty Seven Thousand Five Hundred Thirty Five Only);
- xxvii. “Key Employees” means any person employed or engaged by the Company under any of the designations listed in Schedule 4 to these Articles or any person performing functions ordinarily performed by persons employed or engaged under the said designations, by whatever name called;
- xxviii. “Material Breach” means a breach of one or more provisions of Article 48 (Transfer Provisions), Article 50 (Fundamental Issues), Article 53 (Investor’s Right to Exit), or Article 54 (Restrictions on Direct Acquisition of Beneficial Interest in the Company);
- xxix. “Material Contract” means any existing agreement, lease, sublease, license for property, hire or rental agreement, promissory note, evidence of indebtedness, or other contract or commitment to which the Company is a party that involves the payment by any party thereto of at least Rs.5 million in a year, irrespective of whether executed individually or in a series;
- xxx. “Newbridge India Investments II Limited” means the company incorporated under the laws of Mauritius and having its registered office at Level 11, One Cathedral Square, Port Louis, Mauritius;
- xxxi. “New License Arrangement” means the brand license agreements dated 02.02.2006 between Shriram Financial Services (Holdings) Private Limited, Shriram Transport, Shriram Holdings and Shriram

Overseas in modification of the license agreement dated 28th November 2003 between Shriram Financial Services (Holdings) Private Limited and Shriram Transport.

xxxii. "Panel" shall have the meaning assigned in Article 49.2;

xxxiii. "Person" includes any legal or natural person, an individual, corporation, partnership, limited liability company, companies with unlimited liability, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof;

xxxiv. "Relative" shall mean the spouse, child and parents of a specified Person;

xxxv. "Shriram Holdings" means Shriram Holdings (Madras) Private Limited incorporated under the laws of India and having its registered office at Mookambika Complex, No.4, Lady Desika Road, Mylapore, Chennai - 600 004;

xxxvi. "Shriram Overseas" means Shriram Overseas Finance Limited incorporated under the laws of India and having its registered office at 123, Angappa Naicken Street, Chennai 600 001;

xxxvii. "Shriram Recon" means Shriram Recon Trucks Limited incorporated under the laws of India and having its registered office at 117 / 118, 'B' Wing, Dalamal Towers, 211, Nariman Point, Mumbai 400 021;

xxxviii. "Shriram Transport Call Option Securities" means the excess (positive difference) of

- (i) 51% of the Combined Shriram Transport Securities (on a fully diluted basis) over
- (ii) the number of shares and warrants of the Company held by the Investor;

xxxix. "Shriram Transport Call Option Base Payment" means the multiplication of Shriram Transport Call Option Securities and the Fair Market Value of Shriram Transport, or as the case may be, the Fair Market Value of Warrants in Shriram Transport, computed on the date of issue of Call Option Notice;

xl. "Stock Exchange(s)" means the Stock Exchanges, Mumbai, Madras and Coimbatore and National Stock Exchange of India Limited where the Shares are currently listed;

xli. "Subsidiaries" means such companies that shall become subsidiaries of the Company in terms of the Act, from time to time;

xlii. "Takeover Code" means the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time;

xliii. "Takeover Offer" means the takeover offer to be made by Shriram Holdings under the Takeover Code;

xliv. "Takeover Offer Closing Date" means the date on which the shares tendered in response to the Takeover Offer and accepted are transferred to the name of Shriram Holdings in accordance with the Takeover Code;

xlv. "Transfer" means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to any shares and warrants, the direct or indirect sale, pledge, assignment, transfer or other disposition (whether for or without consideration) of any shares / warrants or of any direct or indirect beneficial interest therein or the creation of any third party interest in or over such shares / warrants;

xlvi. "Warrant(s)" means, except for Articles 48 and 53.4, warrants to be issued by Shriram Transport to Shriram Holdings at a subscription price of Rs. 11.20 each, conferring an option on Shriram Holdings to subscribe to one Share at an exercise price of Rs.112.00 per Warrant at any time within a period of 18 months from the date of allotment of the Warrants, with the subscription price of Rs.11.20 paid for each Warrant applied towards the said exercise price; and

## 48. TRANSFER PROVISIONS

For the purpose of this Article 48, unless specified otherwise, the terms "Shares" and "Warrants" shall mean and include any shares and warrants held by the Founders or the Investor, as the case may be, in the Company or any direct or indirect beneficial interest held by the Founders or the Investor, as the case may be, in the shares and warrants of the Company.

### 48.1. LOCK-IN AND RESTRICTIONS ON TRANSFER

- a. Notwithstanding anything contained in Article 48.2, for a period of three years from the date of Closing, the Founders shall not, directly or indirectly, effect or permit, and shall ensure that there does not occur, voluntarily or involuntarily, any Transfer of the Shares or Warrants held by them or any right, title or interest therein, in favor of any Person, including but not limited to, any lenders of the Company, except with the prior written consent of the Investor (in its sole discretion) and except in compliance of the provisions of Article 48.4 herein, and other provisions of this Section II of the Articles of Association of the Company. Provided however, the restrictions contained in Articles 48.1 to 48.3 shall not apply in case of *inter se* transfers between Founders and their Affiliates or any of them.
- b. Such right of the Founders to sell with the prior written approval of the Investor shall, in addition, be subject to the Investor's right of first refusal in accordance with Article 48.2.
- c. In the event of a purported Transfer by any of the Founders of the Shares or Warrants in violation of the provisions of these Articles, such purported Transfer shall be ab initio void, and of no effect.

### 48.2. INVESTOR'S RIGHT OF FIRST REFUSAL

- a. Any Founder desirous of Transferring any of his Shares or Warrants ("SaleSecurities") shall by notice in writing ("Transfer Notice") notify the Investor of the number of Sale Securities proposed to be sold or transferred by such Founder and the terms and conditions of the Transfer, including price ("Offer Price") and the name of the proposed purchaser along with evidence of receipt of an offer for the sale of the Sale Securities at the Offer Price from such proposed purchaser. Within 30 days of receipt of such Transfer Notice, the Investor or its Affiliates may agree to buy or refuse to buy the Sale Securities on terms and conditions (including the Offer Price) no less favorable than those intimated by the Founder in the Transfer Notice, and shall communicate the same to such Founder.
- b. Failure by Investor to communicate its decision to buy the Sale Securities within the said 30 days period shall be deemed to be a refusal by such Investor to buy the Sale Securities. If the Investor fails to communicate or otherwise communicates refusal to buy the Sale Securities, the Founder shall be fully entitled to Transfer the Sale Securities to any Person on terms and conditions no less favourable than those intimated by the Founder in the Transfer Notice (including without limitation at a price not less than the Offer Price) subject to application of Article 48.3. Such Transfer of the Sale Securities shall be completed within 30 days thereafter. In the event of a failure to so consummate the Transfer within the stipulated 30 days period, the Transfer shall again be subject to the provisions of this Article 48.2.

c. If the Investor communicates its agreement to buy the Sale Securities from the Founder, the purchase of the Sale Securities shall be completed by the Investor within 90 days from the date of acceptance of the offer of the Founder. At such closure, the Founder shall deliver free, marketable and unencumbered title to the Sale Securities being Transferred and the Investor shall pay to the Founder the Offer Price per Sale Security, as the case may be.

d. Without prejudice to any rights of the Parties, in the event that the Investor fails to pay the Offer Price per Sale Security before the scheduled date of closure as aforesaid, the Founder will be free to Transfer the Sale Securities to any Person on terms and conditions no less favourable than those intimated by the Founders in the Transfer Notice (including without limitation at a price not less than the Offer Price). Any transferee to whom the whole or substantially the whole of the Sale Securities are sold shall be bound by all the obligations as described in Article 48.4 of these Articles.

e. In the event of a failure by the Founder to consummate the Transfer within a period of 60 days thereafter, the Transfer of Sale Securities shall again be subject to the provisions of this Article 48.2.

#### 48.3. TAG ALONG RIGHTS

a. Subject to Article 48.2, if applicable, in the event of a proposed Transfer by the Investor or the Founders ("the Transferring Party") of all or any portion of their Shares or Warrants (a "Proposed Transfer"), the ratio of the number of Shares or Warrants proposed to be transferred by the Transferring Party and the total number of Shares and Warrants held by the Transferring Party on the date of the Proposed Transfer shall be computed ("Transferring Percentage"). The non-Transferring Party shall have the right to require the Transferring Party to cause the proposed Transferee (a "Proposed Transferee") to purchase such number of Shares and / or Warrants held by the non-Transferring Party, notwithstanding anything contained in Article 48.1, as is equal to Transferring Percentage of the total number of Shares and / or Warrants held by the non-Transferring Party on the date of the Proposed Transfer at the same price as agreed for the Proposed Transfer.

In the event the Transferring Party elects to Transfer Shares, and the non-Transferring Party elects to Transfer Warrants, the price per Warrant payable to the non-Transferring Party shall be the excess (positive difference) of (i) the price per Share agreed for the Proposed Transfer over (ii) the balance payable towards exercise of each Warrant held by the non-Transferring Party.

In the event the Transferring Party elects to Transfer Warrants, and the non-Transferring Party elects to Transfer Shares, the price per Share payable to the non-Transferring Party shall be the aggregate of (i) the price per Warrant agreed for the Proposed Transfer and (ii) the balance payable towards exercise of each Warrant.

Provided however that should the Proposed Transfer occur after the Founders and Investor have rolled down their beneficial ownership of the Company in accordance with these Articles and the Proposed Transfer would result in the Proposed Transferee holding a fully-diluted beneficial ownership of 10% or more in the Company from the Transferring Party, the non-Transferring Party shall have a right to require the Transferring Party to cause the Proposed Transferee to purchase all or any of the Shares and / or Warrants held by the non-Transferring Party in the Company.

b. The Transferring Party shall give notice of the Proposed Transfer to the non-Transferring Party ("Transfer Notice"), setting forth the name and address of the Proposed Transferee, the proposed amount and form of consideration, and other terms and conditions of payment offered by the Proposed Transferee. The Transferring Party shall deliver or cause to be delivered to the non-Transferring Party copies of all transaction documents relating to the Proposed Transfer as the same become available. The tagalong rights provided by

this Article must be exercised by the non-Transferring Party within thirty (30) days following receipt of the Transfer Notice, by delivery of a written notice to the Transferring Party indicating its desire to exercise its rights and specifying the number of Shares / Warrants that the non-Transferring Party desires to Transfer. In the event that the non-Transferring Party has agreed to Transfer its Shares / Warrants pursuant to the Transfer Notice, then on the closing date of such transaction (of which the Transferring Party shall give the non-Transferring Party at least ten business days prior written notice) and unless any contrary term has been proposed in the Transfer Notice, the non-Transferring Party shall remit to the non-Transferring Party the consideration for the Shares / Warrants of the non-Transferring Party sold pursuant to this Article. In the event of a failure by the Transferring Party to consummate the Transfer within a period of 60 days thereafter, the Proposed Transfer shall again be subject to the provisions of this Article 48.3.

c. Any Transfer of Shares / Warrants by the non-Transferring Party to a Proposed Transferee pursuant to this Article shall be on the terms and conditions intimated in the Transfer Notice; provided, however, the non-Transferring Party shall not be required to make to the Proposed Transferee any (i) representations and warranties with respect to the business of the Company or Shriram Holdings, (ii) indemnities, or (iii) if the Investor is the non-Transferring Party, any non-competition or similar agreements that would bind the non-Transferring Party or its Affiliates.

d. Notwithstanding anything contained in this Article 48.3 but subject to Article 48.1 and Article 48.2, after the Founders and Investor roll down their beneficial ownership of the Company in accordance with these Articles, a Transferring Party shall be free to transfer in the aggregate, in the open market (otherwise than by way of a block deal) no more than 5% of the fully diluted equity share capital of the Company.

#### 48.4. TRANSFeree'S OBLIGATIONS

The obligations owed to the Investor under these Articles shall apply to any transferee of interest in the Company by the Founders or their transferees, as if the transferee were a party to the Agreement. It shall be a condition precedent for such transfer, including for any transfer to Affiliates of the Founders, for the transferee to execute the Deed of Adherence; provided, however, no such Deed of Adherence shall be required to be executed by a transferee pursuant to an unsolicited bonafide treasury sale on a stock exchange (not being a block deal) as long as a beneficial interest of not more than 5% in the fully paid up share capital in the Company has been cumulatively sold or transferred in any manner whatsoever prior to such sale or would get sold or transferred pursuant to such sale.

#### 49. BOARD REPRESENTATION

##### 49.1 BOARD OF DIRECTORS OF THE COMPANY

a. The Board of the Company shall comprise 12 Directors each, to be appointed / nominated as follows:

1. Two Directors shall be nominees of the Investor;
2. Two Directors shall be nominees of the Founders;

Provided, however, in the event that the Company is entitled under Applicable Law to increase the strength of the Board beyond 12 Directors, the Board shall comprise upto 15 Directors and the Investor and the Founders shall, in such an event, be entitled to appoint three Directors each on the Board of the Company;

3. Two Directors shall be nominated by Uno Investments;
4. One Director shall be nominated by IREDA;

5. One Director shall be nominated by Citicorp Finance (India) Limited;

Provided, however, in the event that Citicorp Finance (India) Limited waives its right to nominate a Director on the Board of the Company, the Investor and Founders shall be entitled to appoint one additional Director each on the Board without expanding the size of the Board.

6. Investor and Founders have agreed to appoint three independent Directors, of which, one shall be the Chairman of the Board of the Company. Any vacancy in the office of an independent Director of the Company shall be filled in accordance with Article 49.2.

b. The Managing Director of the Company shall be appointed by the Founders.

c. Notwithstanding anything contained in Article 49.1 (a) herein, in the event that any shareholder having a right to nominate a Director(s) on the Board of the Company ceases to have such a right, the resulting vacancy on the Board of the Company shall be filled by the appointment of independent Director(s) in the manner set out in Article 49.2 herein.

#### 49.2 APPOINTMENT OF INDEPENDENT DIRECTORS

For the purpose of this Article 49.2, unless otherwise specified, the term "Board" shall mean the Board of Directors of the Company or any Committee(s) thereof (including without being limited to the Executive Committee), as the case may be, and the term "independent Director" shall be construed accordingly.

a. The Founders and the Investor shall, within 90 days from the date of Closing, agree upon a panel of not more than ten independent Directors ("the Panel").

b. The independent Directors on the Panel shall be listed in the decreasing order of priority. Unless otherwise agreed by the Parties, appointment of all independent Directors under this Article 49.2 shall be made in such order of priority.

c. The Founders and the Investor shall mutually reconstitute the Panel every twelve months by adding and/or removing therefrom such number of individuals as the Parties may mutually agree or reprioritizing them. In case no agreement is reached on this within the stipulated time, then the Independent Directors shall be appointed only by mutual consent of the Founders and the Investor.

d. Any vacancy arising in the office of an independent Director appointed on the Board, whether on account of death, resignation, removal or otherwise, shall be jointly filled by the Founders and the Investor within 15 days from the date of such vacancy. Subject to Article 49.2(c), in the event, the Investor and Founders are unable to agree on the appointment of a replacement for such vacancy, the next available independent Director from the Panel shall be forthwith appointed.

e. Where no independent Director is available for appointment on the Panel, whether on account of death, unwillingness or otherwise or if the Panel has ceased to exist, the Founders and the Investor shall mutually make such appointment. The office of the independent Director to which an appointment is to be made shall remain vacant until the Founders and the Investor mutually agree upon such appointment.

#### 49.3 PROVISIONS APPLICABLE TO THE BOARD OF DIRECTORS OF THE COMPANY GENERALLY

a. The Investor and the Founders shall have the right to replace and/or remove their respective nominees at any time and from time to time and to fill vacancies that may be created otherwise in respect of these nominees.

- b. The Chairman of the Board shall not have a casting vote.
- c. The quorum of any meeting of the Board of Directors where any matter which requires the specific consent of the nominee(s) of the Investor or the Founders or both in accordance with the provisions of Article 50 is to be taken up shall be in accordance with Applicable Law, of which at least one Director shall be the nominee(s) of the Investor or the Founders or both, as the case may be.
- d. The quorum of any meeting of the Board of Directors other than those referred to in Article 49.3(c) shall be in accordance with Applicable Law and shall comprise at least one Director who shall be a nominee of the Investor and one Director who shall be a nominee of the Founders. In the absence of such quorum, the meeting of the Board of Directors shall be reconvened after one week. At such reconvened meeting, the quorum shall be in accordance with Applicable Law and shall not require the presence of a nominee of the Investor and / or the Founders. However, it is clarified that at such meeting of the Board of Directors, there will be no discussion and no vote on matters which require either the specific consent of the nominee of the Investor under Article 50 or the specific consent of the nominee of the Founders under Article 50.
- e. All decisions at any meeting of the Board shall be in accordance with the vote of a simple majority save such decisions which require the specific consent of the Founders or the Investor, as the case may be.
- f. The Directors nominated by the Founders and the Investor shall be entitled to equal rights and privileges including sitting fees and expenses, but if any other fees, commission, monies or remuneration in any form is payable to such Directors for services rendered by such Directors otherwise than in the capacity as a director, the fees, commission, monies and remuneration in relation to a Director nominated by the Investor shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor.
- g. Provided that in respect of Directors nominated by the Investor, if the Investor so advises the Company, the sitting fees in relation to such Investor shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor.

#### 49.4 COMMITTEES OF THE BOARD OF DIRECTORS

- a. Except as specified otherwise herein, the Investor and the Founders shall, subject to a right to nominate at least one nominee irrespective of the number of nominees appointed by the other, be entitled to nominate an equal number of nominees on each committee of the Board ("Committee"). The Investor and the Founders shall have the right to replace and/or remove their respective nominees at any time and from time to time.
- b. The Investor may, at its sole discretion, require the constitution of additional committees of the Board comprising such number of members as the Investor may deem fit.
- c. A meeting of each Committee shall be held at least once every quarter.
- d. Every notice convening a meeting of the Committee shall set out the agenda, in sufficient detail, of the business to be transacted there at and no item or business shall be transacted at such meeting, unless the same has been stated in full and in sufficient details in the said notice convening the meeting.
- e. The quorum of any meeting of the Committee where any matter which requires the specific consent of the respective nominee(s) of the Investor or the Founders or both in accordance with the provisions of Article 50 is to be taken up shall be two (2) Directors, of which at least one Director shall be the respective nominee(s) of the Investor or the Founders or both, as the case may be.
- f. The quorum of any meeting of the Committee other than those referred to in Article 49.4(e) shall be in

accordance with Applicable Law and shall comprise at least one Director who shall be a nominee of the Investor and one Director who shall be a nominee of the Founders. In the absence of such quorum, the meeting of the Committee shall be reconvened after three days. At such reconvened meeting, the quorum shall be in accordance with Applicable Law and shall not require the presence of a nominee of the Investor and / or the Founders. However, it is clarified that at such meeting of the Committee, there will be no discussion and no vote on matters which require either the specific consent of the nominee of the Investor or the Founders under Article 50.

g. The Founders and the Investor shall cause the Board of Directors of the Company to (a) appoint an executive committee for the Company (the "Executive Committee") and (b) delegate authority for the Committee Reserved Matters. The Executive Committee will be broad-based to ensure participation of all the key constituents and in order to strengthen the effectiveness of the Board of Directors and the Managing Director of each Company. The Executive Committee will meet once a month or as required and decided by the voting committee members, but in no event less frequently than once a quarter.

h. The Executive Committee shall direct and oversee the Committee Reserved Matters. The respective managing director (whether designated as Managing Director, CEO, COO or otherwise) shall be responsible for implementing the directions and giving effect to the decisions of the Executive Committee which shall be binding with respect to the Committee Reserved Matters, provided, however, recommendations of the Executive Committee regarding replacement of the functional heads will not be binding on the Company and / or the managing director (whether designated as Managing Director, CEO, COO or otherwise) and shall be acted upon subject to approval by the Board of Directors of the Company.

i. Without limiting the generality of clause (g) above, the Executive Committee shall consist of five (5) voting members (all other members of the Executive Committee shall not have any voting rights): one (1) member each to be designated by the Founders and the Investor, one (1) member to be designated by Uno Investment Limited, and the remaining two (2) shall be independent Directors appointed by the other members of the Executive Committee from any of the existing independent Directors on the Board of the Company; Provided, however, that Uno Investments shall have the right to nominate a member on the Executive Committee of the Company so long as it holds 10% or more beneficial interest in the Company. In the event that Uno Investments ceases to have such right in the Company, the Executive Committee of the Company shall comprise four (4) voting members only.

j. In the event that the rights of either the Investor or the Founders under this Article stand extinguished pursuant to Article 57, then such party shall no longer be entitled to designate a member and the committee seat would stand vacated and shall be filled in by the other members of the Executive Committee within 15 days of such vacancy, by appointment from the independent Directors on the Board of the Company.

k. Notwithstanding anything contained herein, the managing director (whether designated as Managing Director, CEO, COO or otherwise) of the Company shall be a member of the Executive Committee and for the purpose of clause (i) above, shall be deemed to be the nominee of the Investor in case the managing director of the Company was appointed by the Investor or the Founders in case the managing director of the Company was appointed by the Founders.

l. All decisions at any meeting of the Executive Committee shall be in accordance with the vote of a simple majority.

## **50 FUNDAMENTAL ISSUES**

50.1 Notwithstanding anything contained herein but subject to the provisions of Article 50.3, any action with respect to the Fundamental Issues shall require the specific consent of the shareholders of the Company by way of an Extraordinary Resolution and/or the consent of the Investor's and the Founders' nominee on the Board or Committee thereof, as the case may be.

50.2 For the purpose of Article 50.1 above, every action in connection with a Fundamental Issue shall be specifically authorized by a resolution of the Board or a Committee thereof and the Board or such Committee shall not pass any such resolution, unless such resolution or authorization has the consent of Shriram Holdings by way of an Extraordinary Resolution or the consent of the respective nominees of the Investor and the Founders at a meeting of the Board or Committee thereof.

50.3 Upon Call Option Closing or upon the Founders beneficial ownership in the Company (directly or through Shriram Holdings) is less than that of the Investor at any time after the completion of the Takeover Offer (in accordance with the Takeover Code), whichever is earlier, the consent of the Founders or that of the nominees of the Founders, as the case may be, shall be required only for the matters detailed in Schedule 5 hereto.

50.4 It is clarified for the avoidance of doubt that nothing contained in Article 50.3 shall prejudice the Investor's rights under Article 50.1 herein and in the event of the Founders rights being revised under Article 50.3, the term Extraordinary Resolution and the provisions of Article 50.1 and Article 50.2 shall be construed to exclude any requirement as to the consent of the Founders or the nominees of the Founders, as the case may be.

## **51. FUTURE INVESTMENTS BY THE INVESTOR**

a. The Investor has undertaken that neither the Investor nor its Affiliates shall make any investments directly or indirectly, in the commercial vehicles financing business of Cholamandalam Investment Finance Company Limited and Sundaram Finance Limited ("the Investments"). The Company has no objection to future investments by the Investor or any of its Affiliates in any company (other than the Investments) which is engaged in the same or allied businesses that the Company may be engaged in and the Investor or any of the directors of Shriram Holdings or the Company nominated by the Investor shall not be obliged to provide Shriram Holdings, the Company or the Investor with any future business opportunities.

b. In the event of a breach by any Affiliate of the Investor of its obligations under this Article, the sole remedy shall be for the Investor to cause such Affiliate to divest the Investments not later than 60 days from the date of receipt of notice of in writing.

## **52. INFORMATION RIGHTS**

52.1 The Investor, the Founders and their respective nominees appointed as directors on the Board shall, in addition to such information that any director of the Company entitled to obtain in the ordinary course of business, be entitled to receive from the Company the following information:

(a) Unaudited quarterly financial statements, including cash flow statements certified by the Chief Financial Officer of the Company within 15 days of the end of each quarter;

(b) Audited financial statements, including cash flow statements within 60 days of the end of the relevant Financial Year;

- (c) Monthly Operational Reports (Management Information System reports) within 15 days of the end of each month;
- (d) Minutes of the Board and shareholders meetings, within 10 days of the concerned meeting;
- (e) Annual Operating Financial Budget as approved by the Board within 10 days of such approval;
- (f) A rolling three year strategic plan as approved by the Board within 10 days of such approval; and
- (g) Such additional information as may be requested by the Investor.

52.2 Without prejudice to the above, the Company shall ensure that the Investor is not provided with any unpublished price sensitive information and for this purpose shall, prior to providing any unpublished price sensitive information to the Investor, publish such information in accordance with Applicable Law in order to enable the Investor or its Affiliates to deal in the Shares or Warrants of the Company.

52.3 The Company shall, and the Founders shall cause the Company, to use reasonable endeavors to comply with a direct or indirect shareholder's request for the Company to provide such information as may reasonably be necessary to determine whether Shriram Holdings or the Companies or any subsidiary thereof is or may be a "passive foreign investment company" within the meaning of Section 1297 of the Code, to make a qualified electing fund election pursuant to Section 1295(b) of the Code and to make annual filings on such shareholder's U.S. federal tax returns with respect to such election, in each case, with respect to such shareholder's interest in the Company and any subsidiary thereof, and to comply with any other U.S. tax filing requirements of such shareholder.

## 53 INVESTOR'S RIGHT TO EXIT

### 53.1 INVESTOR'S RIGHT TO SELL / TRANSFER SHARES / WARRANTS

Subject to Article 48.3, the Investor shall be always entitled to freely Transfer the beneficial interest held by it in the Company whether directly or through the shares / warrants of Shriram Holdings in accordance with this Article 53.1, in addition to the rights available under the Act to any Person including independent third parties. In the event that the proposed Transfer of such beneficial (direct or indirect) interest by the Investor is by way of placement with other investors of a block of shares / warrants owned by the Investor, the Company shall take such steps as may be deemed necessary by the Investor to facilitate such Transfer by the Investor, including without limitation, access to necessary information and relevant records. Provided however, that, notwithstanding the aforesaid and except for a Transfer to an Affiliate of the Investor, in the event of the block of shares / warrants proposed to be Transferred by the Investor is (i) less than 25% of the fully diluted percentage beneficial ownership held by the Investor in the Company (whether directly or through Shriram Holdings) as on the Takeover Offer Closing Date, transfer of such shares and warrants by the Investor shall be without any rights attached to such shares/warrants under these Articles, (ii) more than the limit referred to in (i) above but less than 50% of the fully diluted percentage beneficial ownership held by the Investor in the Company (whether directly or through Shriram Holdings) as on the Takeover Offer Closing Date, the Investor shall be entitled to transfer such shares and warrants along with the rights detailed in Article 57.2 and Article 57.3 only, subject to the transferee executing a Deed of Adherence set out in Schedule 1 or (iii) more than 50% of the fully diluted percentage beneficial ownership held by the Investor in the Company (whether directly or through Shriram Holdings) as on the Takeover Offer Closing Date, the Investor shall be entitled to transfer such shares and warrants with all rights attached to such shares / warrants under these Articles or in the Agreement, subject to the transferee executing a Deed of Adherence set out in Schedule 1

### **53.2 ROLL DOWN OF BENEFICIAL OWNERSHIP OF THE COMPANY**

- a. The Investor may, at any time after the expiry of two years from the date of Closing, require Shriram Holdings to distribute the Shares held by Shriram Holdings in the Company amongst the Founders and the Investor in proportion to their respective holdings in Shriram Holdings. The Investor may, in the alternative, at any time after the expiry of two years from the date of Closing, require the merger of Shriram Holdings inter alia with the Company to effect such distribution.
- b. The Investor may, for the purpose of Article 53.2(a), requisition the convening of a meeting of the Company or an extra ordinary general meeting of the shareholders of the Company, and the Board of Directors of the Company shall convene such meeting pursuant to such requisition within 30 days of receipt thereof.
- c. For the sole purpose of protecting the rights of the Investor under this Article, the Founders agree to vote in favour of any resolution proposed to be passed in furtherance of the Investor's rights under this Article 53.2, or to exercise any of their rights at any meeting requisitioned by the Investor under Article 53.2(b) in furtherance of the Investor's rights herein.

### **53.3 CALL OPTION**

- a. In the event, the Founders and Investor have rolled down their beneficial ownership of the Company pursuant to Article 53.2, at any time after the expiry of two years from the Closing, the Investor shall have a right but not an obligation to acquire the Shriram Transport Call Option Securities from the Founders upon payment of the Shriram Transport Call Option Base Payment, and a control premium by issuing a notice in writing ("Call Option Notice"). The control premium shall be the Control Premium Percentage of the aggregate of (i) Fair Market Value of Shriram Transport multiplied by the number of shares in Shriram Transport held by the Founders as on the date of the Call Option Notice and (ii) Fair Market Value of Warrants in Shriram Transport multiplied by the number of warrants held by the Founders in Shriram Transport as on the date of the Call Option Notice.
- b. The Founders shall be required to Transfer the Shriram Transport Call Option Shares to the Investor within 30 days from the date of the Call Option Notice or 15 days from the date of any applicable statutory approvals, whichever is later, to complete the purchase ("Call Option Closing").
- c. Nothing contained in this Article 53.3 shall apply in the event that the Investor Transfers (except for a Transfer to Affiliates of the Investor) a beneficial interest of more than 5% in the fully diluted equity capital of the Company.

For the avoidance of doubt, an illustrative example of computation of the control premium payable pursuant to this Article 53.3 has been set out in Schedule 6 of these Articles.

### **53.4 DRAG ALONG RIGHTS**

For the purpose of this Article 53.4, unless specified otherwise, the terms "Shares" and "Warrants" shall mean and include any shares and warrants held by the Founders or the Investor, as the case may be, in the Company, or any direct or indirect beneficial interest held by the Founders or the Investor, as the case may be, in the shares and warrants of the Company.

- a. At any time after three years from the Closing, the Investor shall have the right but not the obligation to require the Founders to sell all or part of the Shares and / or Warrants in accordance with the provisions of this Article 53.4. The Investor may notify the Founders of its decision to exercise its rights under this Article 53.4 by delivering a notice in writing to the Founders ("Exit Notice").

b. The Founders may, within 30 days from the receipt of the Exit Notice, notify in writing to the Investor ("Founders Purchase Offer Notice") the name of a proposed purchaser ("Proposed Purchaser") and the terms and conditions, including price ("Exit Price"), for purchase of all but not part of the Shares and Warrants held by the Investor. The Founders shall, along with the Founders Purchase Offer Notice, furnish documentary evidence of a definitive, irrevocable and binding offer for purchase to the Investor.

c. The Investor may, within 30 days from the receipt of the Founders Purchase Offer Notice ("Acceptance Period") exercise its acceptance to sell all of its Shares and Warrants to the Proposed Purchaser at the Exit Price, by delivery of a written notice. Provided, however, the Investor shall not be required to make to the Proposed Transferee any (i) representations and warranties with respect to the business of the Company, (ii) indemnities or (iii) non-competition or similar arrangements or covenants that would bind the Investor or its Affiliates. In the event that the Investor has agreed to Transfer its Shares and Warrants pursuant to the Founders Purchase Offer Notice, then within ten business days of such written acceptance, the Founders shall remit to the Investor the consideration for the Shares and Warrants of the Investor sold pursuant to this Article.

d. In the event the Investor, at its sole discretion, does not accept the offer for purchase referred to in sub-clause (c) above or where the Investor has failed to communicate its agreement to sell its Shares and Warrants to the Proposed Purchaser on the expiry of the Acceptance Period, the Investor may, within 180 days from the date of expiry of the Acceptance Period, furnish to the Founders a written notice ("Drag Notice"), giving the name and address of a proposed buyer ("the Exit Buyer") along with the terms and conditions, including the price ("Drag Price"), offered by the Exit Buyer to purchase all or part of the Founders Shares and Warrants ("Founders Exit Securities"). The Drag Price shall not be less than the Exit Price and the Fair Market Value of Shriram Transport calculated as on the date of the Exit Notice.

e. Upon delivery of the Drag Notice, the Founders shall be required to Transfer the Founder Exit Securities to the Exit Buyer, upon the same terms and conditions (including, without limitation, the Drag Price) as agreed by the Investor and the Exit Buyer, and shall make to the Exit Buyer representations, warranties, covenants, indemnities and agreements comparable to those made by the Investor in connection with the Transfer, and shall agree to the same conditions to the Transfer as the Investor agrees, it being understood that all such representation, warranties, covenants, indemnities and agreements shall be made by each Founder and the Investor severally and not jointly.

f. In the event the Investor sells only Shares to the Exit Buyer at the Drag Price, the price per Warrant payable to the Founders shall be the excess (positive difference) of (i) the Drag Price over (ii) the balance payable towards exercise of each Warrant held by the Founders.

### 53.5 CORPORATE GOVERNANCE

Notwithstanding anything contained in Article 49, upon Call Option Closing or at any time when the Founders beneficial ownership in the Company (directly or through Shriram Holdings) is less than that of the Investor at any time after the completion of the Takeover Offer (in accordance with the Takeover Code), whichever is earlier, the Investor shall be entitled to appoint and remove the managing director (whether designated as Managing Director, CEO, COO or otherwise) and Key Employees of the Company.

### 54. RESTRICTIONS ON DIRECT ACQUISITION OF INTEREST IN THE COMPANY

54.1 Save as otherwise provided herein, neither the Founders nor the Investor or their Affiliates shall acquire (directly or indirectly) any shares or warrants of the Company or other instruments convertible or

exchangeable into the Shares of the Company without the prior written consent of the other Party. All acquisitions of beneficial interest (direct or indirect) in the Company by the Founders, the Investor or their respective Affiliates shall be through Shriram Holdings only and in accordance with these Articles and with the prior written consent of the other party.

54.2 The Company shall not issue any further shares, warrants, or other securities convertible or exchangeable into Shares (hereinafter defined as "Further Shares") of the Company unless

- a. such issuance has been approved in accordance with Article 50 of these Articles and
- b. Shriram Holdings has first been offered a right to subscribe to the Further Shares.

## 55 CONSEQUENCES OF MATERIAL BREACH

Notwithstanding anything to the contrary contained herein but subject to this Article 55, in the event of a Material Breach of these Articles, or a breach of the provisions of these Articles by Shriram Holdings, the Investor, the Founders or the Company ("the Defaulting Party"), the non-Defaulting Parties shall, in addition and without prejudice to such other and further remedies that they may be entitled to, in law or in equity, be entitled to the following rights if such Material Breach or material breach of the provisions of Articles, is not cured by the Defaulting Party within 60 days ("Cure Period") of receipt of a written notice to that effect from the non-Defaulting Party.

It is clarified for the avoidance of doubt that each of the following rights are without prejudice to the other.

It is further clarified that in the event that the non-Defaulting Party is compensated for such Material Breach in accordance with any agreement in writing to indemnify between the Defaulting Party and non-Defaulting Party, the rights contained in this Article 59 shall not be available to such non-Defaulting Party.

The Parties agree that in the event of a Material Breach, the Defaulting Party and Shriram Holdings shall provide a proxy in favour of the non- Defaulting Party or such Person as may be designated by the non-Defaulting Party to exercise their votes in support of the exercise by the non-Defaulting Party of any of the options detailed in this Article 55

For the purpose of Article 55, Fair Market Value of Shriram Transport shall be computed based on the date of written notice of breach.

### 55.1 PUT AND CALL OPTION

a. The non-Defaulting Party shall have the right to either require the Defaulting Party, jointly and severally, to acquire any or all of the shares and warrants held by the non-Defaulting Party in the Company (collectively "the Securities") at a price equivalent to 125% of the Fair Market Value of the Securities, or cause the Defaulting Party to sell to the non-Defaulting Party any or all of the Securities then held by the Defaulting Party at a price equivalent to 75% of the Fair Market Value of the Securities.

b. The non-Defaulting Party shall issue a notice in writing to the Defaulting Party within 30 days from the expiry of the Cure Period setting out details of the option proposed to be exercised by the non-Defaulting Party, the number of shares and / or warrants in respect of which such option is proposed to be exercised and the price of each share and / or warrant for such purpose ("Option Notice").The sale or purchase of the Shares and / or Warrants, as the case may be, pursuant to such Option Notice shall be completed within 30 days from the date of the Option Notice.

c. The aforesaid premium or discount, as the case may be, to the Fair Market Value represents a reasonable assessment made by the Defaulting Party and the non-Defaulting Party of the damage likely to be caused to the non-Defaulting Party owing to such breach on the part of the Defaulting Party or the Company, and therefore represents the size of the liquidated damages payable to the non-Defaulting Party.

d. For the purpose of this Article, the Founders shall be considered as one party.

#### 55.2 MERGER OF THE COMPANY WITH SHIRIRAM HOLDINGS

The non-Defaulting Party shall have the right to requisition the convening of an extra ordinary general meeting of the shareholders of the Company to effect and sanction a merger of the Company and Shriram Holdings. Shriram Holdings and the Defaulting Party shall, for the sole purpose of protecting the non-Defaulting Party's rights under this Article, vote in favour of any resolution at such meeting of the shareholders of the Company to authorize, sanction or effect such merger. The Board shall, forthwith on such requisition being issued by the non-Defaulting Party to the Board, cause such meeting of the shareholders of the Company to be held in accordance with the provisions of the Act.

#### 55.3 DRAG ALONG RIGHTS

a. Upon the Material Breach of any of the provisions of these Articles by the Defaulting Party, the non-Defaulting Party shall have the right but not the obligation to require the Defaulting Party to sell all but not part of the shares or warrants (collectively referred to as the "Securities") held by the Defaulting Party in the Company on the terms (including the price(s) for the relevant securities) that the non-Defaulting Party may have agreed with any bonafide third party purchaser ("Drag-Along Buyer") of all the Securities held by the non-Defaulting Party. In such event, the Defaulting Party shall be unconditionally obliged to sell all but not part of their Securities in the Company to the Drag-Along Buyer at the Drag-Along Price and on the same terms offered to the non- Defaulting Party (including the price(s) for the relevant securities "Drag- Along Price").

b. In the event the non-Defaulting Party sells only Shares to the Drag- Along Buyer at the Drag-Along Price, the price per Warrant payable to the Defaulting Party shall be the excess (positive difference) of (i) the Drag-Along Price over (ii) the balance payable towards exercise of each Warrant held by the Defaulting Party.

c. For the purpose of Article 55.3(a) above, the non-Defaulting Party may deliver a written notice ("Drag-Along Notice") to the Defaulting Party, stating that the non-Defaulting Party wishes to exercise its rights under Article 55.3(a) above, and setting forth the name and address of the Drag-Along Buyer, the Securities proposed to be Transferred, the Drag-Along Price, and all other material terms and conditions offered by the Drag-Along Buyer.

d. Upon delivery of a Drag-Along Notice, the Defaulting Party or its Affiliates shall be required to Transfer all but not part of their Securities to the Drag-Along Buyer, upon the same terms and conditions (including, without limitation, the Drag-Along Price) as agreed by the non-Defaulting Party and the Drag-Along Buyer, and shall make to the Drag-Along Buyer representations, warranties, covenants, indemnities and agreements comparable to those made by the non-Defaulting Party in connection with the Transfer (other than any non-competition or similar agreements or covenants that would bind the Defaulting Party or its Affiliates), and shall agree to the same conditions to the Transfer as the non-Defaulting Party agrees, it being understood that all such representation, warranties, covenants, indemnities and agreements shall be made by each Defaulting Party and the non-Defaulting Party severally and not jointly.

#### **55.4 DISTRIBUTION OF THE COMPANY'S SECURITIES**

- a. Subject to Applicable Law, the non-Defaulting Party may, at its sole discretion, require Shriram Holdings to distribute the Shares and / or Warrants held by Shriram Holdings in the Company amongst the Founders and the Investor in proportion to their respective holdings in Shriram Holdings in a tax efficient manner.
- b. The non-Defaulting Party may, for the purpose of clause (a), requisition the convening of a meeting of the Board of Directors of the Company or an extra ordinary general meeting of the shareholders of the Company, as the case may be, and the Board of Directors of the Company shall convene such meeting pursuant to such requisition within 15 days of receipt thereof.
- c. For the sole purpose of protecting the rights of the Investor under this Article, the Defaulting Party agrees to vote in favour of any resolution proposed to be passed in furtherance of the non-Defaulting Party rights under this Article 55.4, or to exercise any of their rights at any meeting requisitioned by the non-Defaulting Party under clause (b) in furtherance of the non-Defaulting Party rights herein.

#### **55.5 CORPORATE GOVERNANCE RIGHTS**

Notwithstanding anything contained in Article 49, in the event of a Material Breach by the Defaulting Party, the following provisions shall take effect from the date of such Material Breach:

- a. The non-Defaulting Party shall be entitled to nominate five members on the Board of the Company.
- b. The Defaulting Party collectively shall be entitled to nominate one member on the Board of the Company.
- c. The non-Defaulting Party shall be entitled to appoint and remove the managing director (whether referred to as the Managing Director, CEO, COO or otherwise) and Key Employees of the Company.
- d. The Defaulting Party shall not be entitled to designate any member on any Committee(s) of the Board the Company including, without being limited to, the Executive Committee.
- e. The non-Defaulting Party shall be entitled to designate two (2) members on each Executive Committee.
- f. The Defaulting Party shall not be entitled to participate in the appointment or nomination of any independent Director(s) on the Board of the Company or any Committee(s) thereof.
- g. Any action with respect to any Fundamental Issue, issues listed under Schedule 2 and Schedule 5 shall not require the specific consent of the Defaulting Party.

#### **56. DISPUTE RESOLUTION**

- a. Any controversy, conflict or dispute of any nature arising out of or relating to or in connection with the provisions of these Articles between the Founders, the Investor or the Company, or any of them, shall be settled exclusively and finally by arbitration carried out in Singapore and conducted in the English language. Judgment on the award may be entered by any court having jurisdiction.
- b. The arbitration shall be conducted and finally settled by three arbitrators in accordance with the Rules of Conciliation and Arbitration (the "ICC Rules") of the International Chamber of Commerce (the "ICC") in effect at the time of such arbitration. One arbitrator shall be appointed by the Founders and/or the Company, as the case may be; one arbitrator shall be appointed by the Investor; and the third arbitrator, who shall be the chairperson, shall be selected by the two party-appointed arbitrators. Failing appointment of any party's arbitrator or failing agreement between the two party-appointed arbitrators regarding selection of the third

arbitrator within thirty (30) days after the notice of intent to arbitrate is filed with the ICC (or such other period as may be agreed by the parties to such arbitration), such arbitrator shall be appointed by the Chairman of the ICC in accordance with the ICC Rules. Each arbitrator shall be fluent in English. Each of the parties agrees, in connection with the enforcement of any arbitral award rendered pursuant to this Article, to submit to the exclusive jurisdiction of the courts in India.

c. Nothing contained hereinabove shall prejudice any party's right to have recourse to any court having jurisdiction for the purpose of interim or interlocutory orders.

## 57 EXTINGUISHMENT OF RIGHTS

57.1 Subject to Articles 57.2, 57.3 and 57.4, all rights of the Founders or as the case may be, the Investor ("the Exiting Party") under these Articles shall expire on the sale / transfer (in one or more tranches) (not being a sale / transfer to the Affiliates of the Exiting Party) by the Exiting Party of more than 50% of the fully-diluted percentage beneficial ownership held by the Exiting Party in the Company (whether directly or through Shriram Holdings) as on the Takeover Offer Closing Date.

57.2 Nothing contained in Article 57.1 shall apply to the following rights:

- (a) Rights under Article 48.3 (*Tag-Along Rights*)
- (b) Rights under Article 52 (*Information Rights*)
- (c) Rights of Registration pursuant to any agreement in writing between the Exiting Party, the non-Exiting Party and the Company or any of them.

57.3 Provided further that in the event of the rights of an Exiting Party expiring in accordance with Article 57.1, the Exiting Party shall, notwithstanding anything contained in Article 57.1, be entitled to nominate one director on the Board of Directors.

57.4 Without prejudice to Article 57.1, the rights of an Exiting Party under Article 57.2 and Article 57.3 shall expire in the event of a sale / transfer (in one or more tranches) by such Exiting Party of more than 75% of the fully-diluted percentage beneficial ownership held by the Exiting Party in the Company as on the Takeover Offer Closing Date.

The obligations of an Exiting Party under these Articles shall expire in the event of a sale / transfer (in one or more tranches) (not being a sale/transfer to the Affiliates of the Exiting Party) by such Exiting Party of more than 75% of the fully-diluted percentage beneficial ownership held by the Exiting Party in the Companies as on the Takeover Offer Closing Date.

## INTELLECTUAL PROPERTY RIGHTS

58.1 As long as the Investor continues to hold any beneficial interest in the Company, directly or through Shriram Holdings, the New License Arrangement shall not be modified, cancelled, rescinded, revoked or otherwise be made subject matter of any arrangement or agreement whereby the Company ceases to be entitled to use such brand name and logos.

58.2 Notwithstanding anything contained in Article 58.1, where the Founders have Transferred (not being a Transfer to the Affiliates of Founders) their entire beneficial interest in the Company, and the Investor causes any third party to hold a beneficial interest of 20% or more in the paid up share capital of the Company, the New License Arrangement shall stand terminated in respect of the Company on the expiry of twelve months

from the date of such third party acquiring a beneficial interest of 20% or more in the paid up share capital of the Company.

58.3 In the event the Founders and the Investor Transfer their entire collective beneficial interest in the Company to a third party ("the Transferee"), the New License arrangement shall stand terminated in respect of the Company on the expiry of twelve months from the date of such Transfer.

58.4 In the event that the licensor under the New License Arrangement ("Licensor") agrees to continue the New License Arrangement (which shall be in its sole discretion), and if of any consideration is agreed to be paid by any third party for acquiring any rights in connection with the brand name and logos forming subject matter of the New LicenseArrangement, such consideration shall be distributed between the Investor and the Founders in proportion of their beneficial interest in the Company (whether directly or through Shriram Holdings) as on the date of payment of such consideration. Provided however, this provision shall not be construed to creating any right, title or interest in the Company of any nature whatsoever.

58.5 The aforesaid shall be without prejudice to the rights and remedies that the Licensor has under law or as may be specified under the New License Arrangement.

## 59. INVALID PROVISIONS

If any provision of these Articles is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations under these Articles or any or all of the Shareholders will not be materially and adversely affected thereby, (a) such provision will be fully severable; (b) or these Articles will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; (c) theremaining provisions of these Articles will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance here from; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of these Articles a legal, valid, and enforceable provision to the extent possible. The failure by any Party to complete any of the conditions precedent contemplated hereby by reason of any change in law shall not constitute illegality, unenforceability or invalidity of these Articles. "

Schedules Proposed to be deleted

"Schedule 1

Deed of Adherence

This Deed of Adherence is made this [•] day of [•]

BETWEEN

[•], (hereinafter referred to as the "the Covenantor", which expression shall, unless repugnant to the meaning or context thereof be deemed to include its successors and permitted assigns) to whom the shares / warrants of [•] Limited, a company incorporated under the Companies Act, 1956 and having its registered office at [•] (hereinafter referred to as "the Company", which expression shall, unless repugnant to the meaning\or context thereof be deemed to include its successors and permitted assigns) have been transferred by [•] ("the Transferor");

AND

The Company

AND

[•], ("the Continuing Shareholders") <<*This would include the Founders and the Investor*>>

AND

[•], ("the Remaining Parties") <<*This would include, as the case may be, the three operating entities and the holding company except the Company*>>

THIS DEED IS SUPPLEMENTAL to the Shares Subscription Agreement dated [i%] ("the Agreement") between the Transferor, the Company, the Continuing Shareholders and the Remaining Parties.

NOW THEREFORE THIS DEED OF ADHERENCE WITNESSETH AS FOLLOWS:

In consideration of the Transferor having transferred its shares / warrants to the Covenantor and in consideration of having agreed to such transfer, the Covenantor hereby agrees and undertakes as follows:

1. The Covenantor hereby confirms that a copy of the Agreement and the Articles of Association of the Company and the Remaining Parties (collectively the "Articles of Association") have been made available to it and hereby covenants with the Continuing Shareholders, the Remaining Parties and the Company to observe, perform and be bound by all the terms which are applicable to the Covenantor and the Covenantor shall be deemed, with effect from the date on which the Covenantor is registered as a member of the Company, to be a Party to the Agreement and to be bound by all the terms thereof as they applied to the Transferor and as if the Covenantor had executed the Agreement instead of the Transferor.

2. The Covenantor hereby covenants that it shall do nothing that derogates from, or obstructs the application and operation of, the provisions of the Agreement or the Articles of Association. Further, and in addition to the above, the Covenantor covenants that it shall facilitate and aid the application of the Agreement to itself, the Continuing Shareholders, the Remaining Parties and the Company.

This Deed of Adherence shall be governed in all respects by the laws of India. Executed the day and year written hereinabove

By:

Title:

For the Covenantor

---

By:

Title:

For the Transferor

---

By:

Title:

For the Continuing Shareholders

---

By:

Title:

For the Remaining Parties

---

**Schedule 2**  
**Fundamental Issues**

The following decisions shall be Fundamental Issues for matters relating to the Company:

1. Acquisition of assets of other businesses, or creation of joint ventures / partnership, mergers, de-mergers and consolidations or any other business combination with another entity.
2. Divestment of shares of any Subsidiary.
3. The appointment or removal of, setting or revising compensation to the Founders and key management personnel including but not limited to CEO, CFO, COO, CTO and Head of Treasury, by whatever name called and the remuneration of any employee whose remuneration costs in excess of Rs. 1.0 million in any calendar year and amendment of terms of employment of any such Person.
4. Creation of investment in Subsidiaries other than investments in fully owned (100%) subsidiaries or any other investments (other than short-term liquid investments in Banks and Government Securities).
5. Capital expenditure including acquisition of assets (including without limitation all non-financial assets), construction or lease in excess of Rs. 5.0 million per annum or over 5.0 % over those approved in the annual business plan or budget.
6. Incurrence of any indebtedness (including capitalized lease obligations) by Shriram Holdings, including without limitation in connection with the Takeover Offer.
7. Agreements or arrangements with the Investor, Founders or their Affiliates and any transaction, agreement or arrangement with any entity or firm, in which any of the Founders or any of their Affiliates has a financial interest of more than 2%.
8. Amendments or any proposal to amend the respective memorandum or articles of association including change in the maximum or minimum number of Board members provided in the Articles.
9. Approval of or amendment to the annual business plan or budget including utilisation of free cash flows.
10. Commencement of any new line of business, which is unrelated to the business of the Companies.
11. Commencement or settlement of litigation, arbitration or administrative proceeding where the amount involved is above Rs. 5.0 million in any particular financial year.
12. Changes to material accounting or tax policies or practices.
13. Recommend, giving or renewing of security for or the guaranteeing of debts or obligations of the Companies or any subsidiary company other than guarantees given in the usual course of business unless such guarantees given in the usual course of business individually or in the aggregate, exceeds Rs. 10.00 million.
14. Any change in the financial year for preparation of audited accounts.
15. Recommendation of or declaration of any dividend or distribution of any kind.
16. Except as approved in the annual business plan or budget, creating any lien or charges or proposing the sale, lease, transfer, license or in any other way proposing to dispose off any assets or undertaking in excess

of Rs.1.0 million for individual transactions or Rs.10.00 million, on a cumulative basis, in any financial year or substantially all the assets or undertaking except in the usual course of business.

17. Any resolution to appoint or re-appoint or for the removal of statutory and / or internal auditors.

18. Any bankruptcy, dissolution, insolvency, recapitalization, reorganization, assignment to its creditors, winding up and / or liquidation.

19. Any agreement, arrangement, transaction for assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs.

20. Except in the ordinary course of business, entry into, amendment or termination of any Material Contract.

21. Delegation of authority or any of the powers relating to any matter contained in this clause of the Board to any individual or committee.

22. Shifting of registered office.

23. Any increase in the issued, subscribed or paid up equity or preference share capital, or reorganization of the share capital, including new issue of shares or other securities or any preferential issue of shares or redemption of any shares, issuance of debentures or warrants, or grant of any options over shares.

24. Approval of any new scheme or plan for grant of employee stock options, or sweat equity shares to any Person or entity, including any modification to any new or existing scheme or plan.

25. Material deviations to the operating budget.

26. Any amendment, modification or cancellation of the New License Agreement.

27. Any Connected Person's Transaction.

28. Granting loans or advances to any Person or set of Persons related to one another, in excess of Rs.10.00 Million in any Financial Year.

29. Any commitment or agreement to do any of the foregoing.

### Schedule 3

#### List of International Investment Banks

1. DSP Merrill Lynch Ltd.

2. Kotak Capital Corporation Ltd.

3. JM Morgan Stanley Ltd.

### Schedule 4

#### Key Employees

1. Chief Executive Officer (CEO)

2. Chief Operating Officer (COO)

3. Regional heads of operations for each of the North, South, East and West regions.

4. Chief Financial Officer (CFO)

5 Chief Technical Officer (CTO)

## Schedule 5

### Matters requiring consent of the Founders

1. Acquisition of assets of other businesses, or creation of joint ventures / partnership, mergers, de-mergers and consolidations or any other business combination with another entity.
2. Divestment of shares of any Subsidiary.
3. Creation of investment in Subsidiaries other than investments in fully owned (100%) subsidiaries or any other investments (other than short-term liquid investments in Banks and Government Securities).
4. Incurrence of any indebtedness (including capitalized lease obligations) by Shriram Holdings, including without limitation in connection with the Takeover Offer.
5. Agreements or arrangements with the Investor, Founders or their Affiliates and any transaction, agreement or arrangement with any entity or firm, in which any of the Founders or any of their Affiliates has a financial interest of more than 2%.
6. Amendments or any proposal to amend the respective memorandum or articles of association including change in the maximum or minimum number of Board members provided in the Articles.
7. Commencement of any new line of business, which is unrelated to the business of the Companies.
8. Changes to material accounting or tax policies or practices.
9. Any change in the financial year for preparation of audited accounts.
10. Recommendation of, or declaration of, any dividend or distribution of any kind.
11. Any resolution to appoint or re-appoint or for the removal of statutory and/or internal auditors.
12. Any bankruptcy, dissolution, insolvency, recapitalization, reorganization, assignment to its creditors, winding up and / or liquidation.
13. Any agreement, arrangement, transaction for assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs.
14. Except in the ordinary course of business, entry into, amendment or termination of any Material Contract.
15. Delegation of authority or any of the powers relating to any matter contained in this clause of the Board to any individual or committee.
16. Shifting of registered office.
17. Any increase in the issued, subscribed or paid up equity or preference share capital, or reorganization of the share capital, including new issue of shares or other securities or any preferential issue of shares or redemption of any shares, issuance of debentures or warrants, or grant of any options over shares.
18. Approval of any new scheme or plan for grant of employee stock options, or sweat equity shares to any Person or entity, including any modification to any new or existing scheme or plan.
19. Material deviations to the operating budget.
20. Any amendment, modification or cancellation of the New License Agreement.
21. Any commitment or agreement to do any of the foregoing.

Schedule 6

Illustrative Example of Call Option payments – No roll down of beneficial ownership by Founders and Investors

Expression	Identifier	Unit	Illustrative Amount
Combined Shriram Holdings Securities (including warrants)	A	No.	100
of which shares	A1	No.	100
of which warrants	A2	No.	0
Shriram Holdings Shares and warrants convertible into Shriram Holdings Shares, held by Investor	B	No	49
of which shares	B1	No.	49
Of which warrants	B2	No.	0
Shriram Holdings Call Option Securities	C = (51%*A)-B	No.	2
of which shares	D=(51%*A1)-B1	No.	2
of which warrants	E=(51%*A2)-B2	No.	0
Fair Market Value of Shriram Holdings on the date of Call Option Notice	F	Rs.	10
Price payable on allotment of the underlying Share upon exercise of each warrant in Shriram Holdings	G	Rs.	8
Fair Market Value of Warrants in Shriram Holdings on the date of Call Option Notice	H=F-G	Rs	2
Shriram Holdings Call Option Base Payment	I = D*F+E*H	Rs	20
Shriram Holdings Shares held by Founders on the date of Call Option Notice	J	No.	51
Warrants convertible into Shriram Holdings Shares held by Founders on the date of Call Option Notice	K	No	0
Control Premium Percentage	L	%	30%
Fair Market Value of Shriram Holdings multiplied by the number of shares in Shriram Holdings held by the Founders on the date of the Call Option Notice	M=F*J	Rs.	510
Fair Market Value of Warrants in Shriram Holdings multiplied by the number of warrants held by the Founders in Shriram Holdings on the date of the Call Option Notice	N=H*K	Rs	0
Control Premium	O = L*(M+N)	Rs.	153
Total amount payable	I+O	Rs.	173

Illustrative Example of Call option payments – roll down of beneficial ownership by Founders and Investors

Expression	Identifier	Unit	Illustrative Amount
Combined Shriram Transport Securities (including warrants)	A	No.	196
of which shares	A1	No.	196
of which warrants	A2	No.	0
Shares and Warrants of Shriram Transport held by Investor	B	No.	96
of which shares	B1	No.	96
of which warrants	B2	No.	0
Shriram Transport Call Option Securities	C= (51%*A)-B	No.	4
of which shares	D=(51%*A1)-B1	No.	4
of which warrants	E=(51%*A2)-B2	No.	0
Fair Market Value of Shriram Transport on the date of Call Option Notice	F	Rs.	4
Price payable on allotment of the underlying Share upon exercise of each warrant in Shriram Transport	G	Rs.	3
Fair Market Value of Warrants in Shriram Transport on the date of Call Option Notice	H=F-G	Rs.	1
Shriram Transport Call Option Base Payment	I = D*F+E*H	Rs.	16
Combined Shriram Overseas Securities <sup>(1)</sup>	J	No.	108
Shares of Shriram Overseas held by Investor <sup>(1)</sup>	K	No.	53
Shriram Overseas Call Option Shares <sup>(1)</sup>	L = (51%*J)-K	No.	2
Fair Market Value of Shriram Overseas on the date of Call Option Notice <sup>(1)</sup>	M	Rs.	2
Shriram Overseas Call Option Base Payment <sup>(1)</sup>	N=L*M	Rs.	4
Shares of Shriram Transport held by Founders on the date of Call Option Notice	O	No.	100
Shares of Shriram Overseas held by Founders on the date of Call Option Notice <sup>(1)</sup>	P	No.	55
Warrants convertible into Shares of Shriram Transport held by Founders on the date of Call Option Notice	Q	No.	0

Expression	Identifier	Unit	Illustrative Amount
Control Premium Percentage	R	%	30%
Fair Market Value of Shriram Transport multiplied by the number of shares in Shriram Transport held by the Founders on the date of the Call Option Notice	S=F*O	Rs.	400
Fair Market Value of Warrants in Shriram Transport multiplied by the number of warrants held by the Founders in Shriram Transport on the date of the Call Option Notice and	T=H*Q	Rs.	0
Fair Market Value of Shriram Overseas multiplied by the number of shares in Shriram Overseas held by the Founders on the date of the Call Option Notice (1)	U=M*P	Rs.	110
Control Premium	V = R*(S+T+U)	Rs.	153
Total amount payable	I+N+V	Rs.	173

(1)Not Relevant after Shriram overseas is merged into Shriram Transport. "

**RESOLVED FURTHER THAT** the Board or such Committee or person(s) as authorized by the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may be consider necessary, expedient , usual or proper to give full effect to the aforesaid resolution, including but not limited to settle any questions or difficulties that may arise in this regard, if any, as it may, in its absolute discretion, deem fit, without requiring the Board to secure any further consent or approval of the Members of the Company to the intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution".

By Order of the Board  
For **Shriram Transport Finance Company Limited**

**Mumbai**

**Date: May 30, 2013**

**Vivek Achwal**

**Company Secretary**

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY/(IES) TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED AND MUST BE DEPOSITED AT THE OFFICE OF THE SHARE TRANSFER AGENTS OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.
2. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956,in respect of the item no. 5 to 11 is annexed hereto.
3. Pursuant to the provisions of Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from June 25, 2013 to July 05, 2013(both days inclusive) for the purpose of payment of final dividend.
4. The payment of final dividend, upon declaration by the shareholders at the Annual General Meeting, will be made on or after July 9, 2013, as under:
  - a) to all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL) as of the end of the day on June 24, 2013, and
  - b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closing hours on June 24, 2013.
5. Members holding shares in physical form are advised to furnish, on or before June, 24, 2013, particulars of their bank account, if not done already or if it is changed, to the Company to incorporate the same in the dividend warrants/payment instruments. In respect of cases, where the payments to the shareholders holding shares in dematerialised form are made by NECS, NEFT, dividend warrants/ payment instruments, particulars of bank account registered with their depository participants will be considered by the Company for printing the same on the dividend warrants/ payment instruments.
6. Members who hold shares in the dematerialised form and want to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants. The Company, in case of such dematerialized shares, will not entertain any direct request from such members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of dividend, Registrar is obliged to use only the data provided by the Depositories.
7. As per RBI notification, with effect from October, 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform. In this regard, please note that, if the Members have not provided to their DP the new bank account number, if any, allotted to them, after implementation of Core Banking System (CBS), credit of dividend through NECS to their old bank account number, may be rejected or returned by the banking system.
8. Brief profile of the Director who is retiring by rotation and is eligible for re-appointment as Director at the ensuing Annual General Meeting is furnished in the Corporate Governance Section, which forms part of Annual Report.

9. Members/ Proxy holders are requested to produce at the entrance, the attached Admission Slip for admission to the meeting hall. Duplicate attendance slips will not be provided at the hall.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the dividends for the financial years 2005-06 and thereafter which remain unclaimed for a period of 7 years will be transferred by the Company to the "Investor Education and Protection Fund" (IEPF) established by the Central Government as and when they fall due. Shareholders who have not encashed their dividend warrant/ payment instrument(s) so far for the dividends mentioned aforesaid years are requested to make their claim to the Company's Corporate Office at Wockhardt Towers, Level - 3, West Wing, C-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 or to the Company's Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street North Usman Road, T Nagar, Chennai - 600 017. Shareholders are requested to ensure that they claim the dividend(s) from the company before transfer of the said amount to the IEPF.
12. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie against the said Fund or the Company in respect thereof.
13. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them in physical form. Nomination forms can be obtained from the Registrar and Share Transfer Agents of the Company. The shareholders holding shares in dematerialized form may approach their respective Depository Participants to avail and/or effect any change to the nomination facility.
14. Shareholders seeking any information with regard to accounts are requested to write to the undersigned at Corporate Office of the Company at Wockhardt Towers, Level - 3, West Wing, C - 2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400051, at least 15 days in advance, so as to keep the information ready at the Meeting.
15. Shareholders holding shares in physical form under multiple folios are requested to send Company's Registrar and Share Transfer Agent details of such folios together with the Share Certificate to consolidate their holdings in a single folio so as to enable us to serve them in a better, most efficient and effective manner. The Share Certificate will be returned to the Members after making the requisite changes, thereon.
16. Non-resident Indian Shareholders are requested to inform about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:-
- The change in the residential status on return to India for permanent settlement.
  - The particulars of the NRE Account with a bank in India, if not furnished earlier.
17. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN card, duly attested, to the Registrar and Share Transfer Agents of the Company, M/s. Integrated Enterprises (India) Limited, Chennai and the members holding shares in Electronic form are therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their Demat Accounts.

18. SEBI vide circular dated January 7, 2010 has made it mandatory for legal heir(s) to furnish their PAN in addition to the legal procedural document duly attested in the following cases in respect of shares of listed companies held in physical form:

- Deletion of name of the deceased shareholder(s) where the shares are held in the names of two or more shareholders.
- Transmission of shares, in favour of legal heir(s), where the shares are held in the names of two or more shareholders.
- Transposition of shares, when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

19. The following Register/Certificate will be available for inspection by the members at the Annual General Meeting.

- a) The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956.
- b) Certificate from the Auditors of the Company certifying that the Company's Employees Stock Option Scheme 2005 is being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution of the members passed at their general meeting.

20. The Annual Report of the Company circulated to the members of the Company, will be made available on the Company's website at [www.stfc.in](http://www.stfc.in)

#### **Important Communication to Members-Green Initiative in the Corporate Governance**

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the companies and has issued Circular stating that service of all documents including Annual Reports can be made by e-mail to all members of a company. Your Company believes that this is a remarkable and necessitated initiative by MCA and requests all members of the Company to support this noble cause.

The Company has started sending Annual Reports in electronic from to the Members on the e-mail address provided by them to the Company/Share Transfer Agent/the Depositories.

The Members who hold shares in physical form are requested to intimate/update the email address to the Company/Share Transfer Agent while Members holding shares in demat form can intimate/update their e-mail address to their respective Depository Participants.

Members are requested to further note that they will be entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail, upon receipt of a requisition from them, any time, as a Member of the Company.

#### **ANNEXURE TO NOTICE**

#### **Explanatory Statements under Section 173(2) of the Companies Act, 1956**

#### **ITEM NO. 5**

The Board of Directors in its meeting held on May 8, 2012, appointed Mr. R. Sridhar as director in the casual vacancy caused by the resignation of Mr.S.Venkatakrishnan

Pursuant to section 262 of the Companies Act, 1956, Mr. R.Sridhar shall hold office upto to the date of this Annual General Meeting. The Company has received requisite notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr.R. Sridhar to the office of Director.

Mr. R.Sridhar has been appointed as the Managing Director & CEO of Shriram Capital Limited, the holding company of financial services companies of the Shriram group, with effect from 1<sup>st</sup> April, 2012.

He has been associated with the Shriram Group since 1985. He was appointed as the Managing Director of the Company for the first time in the year 2000 and was re-appointed in the year 2005. He has over twenty five years of experience in the financial services sector, especially in commercial vehicle financing. Under his leadership the Company grew in leaps and bounds and has become the largest asset financing NBFC in India. During his tenure as the MD of the Company, the market capitalization, which was Rs.20 Crores, peaked to Rs.20000 Crores and its assets under management soared from Rs.5000 Crores to over Rs.40000 Crores.

He holds a bachelor's degree in Science and is a fellow member of the Institute of Chartered Accountants of India. He is Non-Executive Director on the Board of the Shriram Life Insurance Co. Ltd, Shriram Chits (Maharashtra) Ltd and Shriram Equipment Finance Ltd.

He is also a General Secretary of the Western India Hire Purchase Association , Vice President of the Federation of Indian Hire Purchase Association (FIHPA), Chairman of Finance Industry Development Council (FIDC), a self-regulatory organization for NBFC-AFCs.

He is member of the Corporate Bond and Securitisation Advisory Committee constituted by Securities and Exchange Board of India (SEBI) and Advisory Group on NBFCs constituted by Ministry of Finance, Govt. of India.

He is the recipient of Ernst & Young's "Entrepreneur of the year Manager" Award 2011 and "Business Achiever" Award from Institute of Chartered Accountants of India (ICAI) for the year 2010-2011.

None of the Directors, except Mr. R.Sridhar, is interested or concerned in the proposed resolution. The Board of Directors command passing of the resolution set out in item No. 5 of the Notice.

#### **ITEM NO. 6**

Mr. Amitabh Chaudhry was appointed as an Additional Director with effect from October 30, 2012. In terms of Section 260 of the Companies Act, 1956, he holds office only upto the date of this Annual General Meeting. The Company has received requisite notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Amitabh Chaudhry to the office of Director.

Mr. Amitabh Chaudhry holds MBA degree from IIM, Ahmedabad and B. Tech (Electrical & Electronics) from BIT, Pilani. He had over 23 years' of experience in different capacities with leading Indian Financial Services Group, Technology Services Company and International Banks. Mr. Amitabh Chaudhry, is the Managing Director and CEO of HDFC Standard Life Insurance Company Limited. He also holds directorship in HDFC Pension Management Co. Ltd, Manipal Global Education Services Private Limited and Manipal Education Americas, LLC as Manager.

None of the Directors, except Mr. Amitabh Chaudhry, is interested or concerned in the proposed resolution. The Board of Directors command passing of the resolution set out in item No.6 of the Notice

#### **ITEM NO. 7**

Mrs. Kishori Udeshi was appointed as an Additional Director with effect from October 30, 2012. In terms of Section 260 of the Companies Act, 1956, she holds office only upto the date of this Annual General Meeting. The Company has received requisite notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mrs. Kishori Udeshi to the office of Director.

Mrs. Kishori Udeshi holds M.A. degree in Economics from Bombay University. She held senior positions in Reserve Bank of India (RBI) including as Deputy Governor (first woman Deputy Governor to be appointed by RBI), Executive Director etc. During her career with RBI she handled important portfolios including regulation and supervision of banking and non-banking sector. As Deputy Governor she was on the Boards of SEBI, NABARD, Exim Bank.

Mrs. Kishori Udeshi holds directorship in Security Printing & Minting Corp. of India Ltd (RBI Nominee Director), ION Exchange (India) Ltd, HALDYN Glass Ltd, Thomas Cook (India) Ltd and HSBC Asset Management (India) Pvt.Ltd.

None of the Directors, except Mrs. Kishori Udeshi, is interested or concerned in the proposed resolution. The Board of Directors command passing of the resolution set out in item No. 7 of the Notice.

#### **ITEM NO. 8**

Section 293(1)(d) of the Companies Act, 1956, provides that the Board of Directors of a public company shall not except with the consent of the Company in General Meeting borrow monies in excess of the Company's paid up capital and free reserves (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business). At the thirty third Annual General Meeting held on July 05, 2012, the Board of Directors were authorized under Section 293(1)(d) of the Companies Act, 1956, to borrow upto a limit of Rs. 45,000 Crore (Rupees Forty Five Thousand Crore Only) apart from temporary loans obtained /to be obtained from the bankers by way of cash credit limits and working capital demand loans in the ordinary course of business.

Your Directors are of the view that the business would steadily grow in future as well and as a result of which, the mobilization of funds may substantially increase. Therefore, it is considered desirable to enhance the limit of borrowings to Rs. 50,000 Crore (Rupees Fifty Thousand Crore Only) apart from temporary loans obtained / to be obtained by the Company from its bankers in the ordinary course of business.

None of the Directors is interested or concerned in the proposed resolution. The Board of Directors command passing of the resolution set out in item no.8 of the Notice.

#### **ITEM NO. 9**

Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors of a public company shall not except with the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company. Your Company would be borrowing monies from time to time, for the purpose of its business, by way of loans, debentures, bonds, commercial paper, hire purchase finance, lease portfolio management schemes and / other financial assistance/credit facilities from various financial / investment institution(s), bank(s), insurance Company(ies), corporate body(ies) and other persons/investors apart from the working capital facilities obtained/ to be obtained from banks in the ordinary course of business. This, in turn would necessitate further creation of security by way of suitable mortgage and /or charges on all or some of the immovable and/or movable properties of the Company, both present and future in favour of the lenders/trustees. At the Thirty Third Annual General Meeting held on July 05, 2012, the Board of Directors were authorized under Section 293(1)(a) of the Companies Act, 1956, to borrow upto a limit of Rs. 56, 250 Crore (Rupees Fifty Six Thousand Two Hundred Fifty Crore Only).

The resolution proposed at item no.9 is to seek the permission of the members for empowering the Board/Committee of Directors to mortgage and/or charge the immovable and /or movable properties of the Company to secure the loans, debentures, bonds, financial assistances / credit facilities obtained/to be obtained by the Company from the lenders upto Rs. 62,500 Crore (Rupees Sixty Two Thousand Five Hundred Crore Only).

None of the Directors is interested or concerned in the proposed resolution. The Board of Directors command passing of the resolution set out in item no.9 of the Notice.

#### **ITEM NO. 10**

The Board of Directors of the Company at its meeting held on October 30, 2012 and May 07, 2013 had approved payment of commission to Non-Executive Independent directors not exceeding an aggregate amount of 1% of the net profits of the Company computed in the manner as specified under Section 349 and 350 of the Companies Act, 1956 for a period of five year from April 01,2012 .

The Company is being benefited from the expertise, advise and inputs provided by the Independent Directors. The Independent directors devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advices, suggestion and guidance to the management of the Company from time to time.

At present, the Company pays its Non-Executive Independent Directors a sitting fee of Rs. 20,000 for every meeting of the Board of Directors attended by him and sitting fee of Rs. 15000 for every Committee meeting attended by him. In addition to the sitting fee it is proposed to pay commission to the independent directors. Pursuant to the provisions of Sections 309, and other applicable provisions, if any, of the Companies Act, 1956, Company may pay remuneration by way of commission to a Non-Executive Independent Directors upto 1% of the net profits of the Company.

Mr. S.Lakshminarayanan, Mr. M.S. Verma, Mr. S.M Bafna, Mr.Amitabh Chaudhry and Mrs. Kishori Udeshi being Independent Directors may be treated as concerned or interested in this matter. No other director is concerned or interested in this resolution.

The Board of Directors of your Company recommends the Resolution at Item No. 10 of the Notice for your approval.

#### **ITEM NO.11**

Newbridge India Investments II Limited ('Newbridge') had acquired certain rights, powers, obligations pursuant to the Share Subscription Agreement (SSA) dated February 02, 2006 entered into between the Founders, Newbridge, erstwhile Shriram Holding (Madras) Private Limited (SHMPL), Shriram Transport Finance Company Limited ('STFC' or 'the Company') and others. Vide Special resolution passed at the Extraordinary General Meeting held on March 08, 2006, the Articles of Association of the Company were altered so as to incorporate therein the rights, powers and obligations of Newbridge as contained in the SSA.

As per the Scheme of Arrangement ('the Scheme') sanctioned by the High Court of judicature at Madras vide its order dated October 19,2012, SHMPL was merged with STFC. Pursuant to the Scheme, STFC issued and allotted 9,38,72,380 Equity shares of face value of Rs. 10/- each fully paid-up to the shareholders of SHMPL. Newbridge received an allotment of 4,59,97,468 Equity shares of STFC.

Newbridge has sold its entire shareholding and ceased to be shareholder of the Company on May 10,2013. Consequently, the SSA read together with all amendments stand terminated and Newbridge has ceased to hold any right and powers under the SSA. Accordingly, it is necessary to make consequential alterations in the Articles of Association of the Company by way of deleting Articles 46 to 59 together with Schedule 1 to 6. In accordance with Section 31 of the Companies Act,1956, any alteration of Articles of Association shall require the approval of the shareholders by way of Special Resolution.

The Nominee Directors of Newbridge viz. Mr. Puneet Bhatia and Mr. Ranvir Dewan may be deemed to be interested or concerned in the proposed resolution. No other Director is interested or concerned in the proposed resolution except to the extent of their shareholding in the Company, if any. The Board of Directors commend passing of the resolution as set out at item No.11 of the Notice.

The existing Articles of Association along with the altered Articles of Association are available for inspection to all the members of the Company at the Registered Office of the Company on any working day during business hours on all week days.

By Order of the Board  
For **Shriram Transport Finance Company Limited**

**Mumbai**

**Date: May 30, 2013**

**Vivek Achwal**  
**Company Secretary**



# Contents

CORPORATE INFORMATION	1
ABOUT US	2
PERFORMANCE IN NUMBERS	4
ANNUAL PERFORMANCE TRENDS	5
OUR REACH	6
MANAGEMENT DISCUSSION & ANALYSIS	8
RISK MANAGEMENT	14
DIRECTORS' REPORT	16
REPORT ON CORPORATE GOVERNANCE	24
CERTIFICATE ON CORPORATE GOVERNANCE	44
BUSINESS RESPONSIBILITY REPORT	45
FINANCIAL SECTIONS	59

## FORWARD LOOKING STATEMENTS

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

## BOARD OF DIRECTORS

### Chairman (Non – Executive)

Arun Duggal

### Managing Director

Umesh Revankar

### Directors

Maya Shanker Verma (Independent)

Sumatiprasad M. Bafna (Independent)

S. Lakshminarayanan (Independent)

Puneet Bhatia

Ranvir Dewan

R. Sridhar (w.e.f. May 08, 2012)

Amitabh Chaudhry (Independent)  
(w.e.f. October 30, 2012)

Kishori Udeshi (Independent)  
(w.e.f. October 30, 2012)

S. Venkatakrishnan (upto May 08, 2012)

M.M.Chitale (Independent-upto July 05, 2012)

Adit Jain (Independent-upto July 05, 2012)

## COMPANY SECRETARY

Vivek Achwal

## AUDITORS

M/s. S. R. Batliboi & Co.LLP, Chartered Accountants

M/s. G. D. Apte & Co., Chartered Accountants

## SHARE TRANSFER AGENTS

### Integrated Enterprises (India) Limited

2nd Floor, 'Kences Towers', No. 1,

Ramakrishna Street,

North Usman Road, T. Nagar,

Chennai - 600 017.

Tel: 044 2814 0801/02/03

Fax: 044 2814 2479

## REGISTERED OFFICE

Mookambika Complex,

3rd Floor, No. 4,

Lady Desika Road,

Mylapore, Chennai – 600 004.

## HEAD OFFICE

Wockhardt Towers

West Wing, Level-3, C-2,

G-Block, Bandra-Kurla Complex, Bandra (East),

Mumbai - 400 051, Maharashtra.

Tel: 022 4095 9595

Fax: 022 4095 9597

## LISTED AT

National Stock Exchange of India Ltd.

BSE Ltd.

## INSTITUTIONS

Life Insurance Corporation of India (LIC)

Small Industries Development Bank of India (SIDBI)

GE Capital Services Ltd

IDFC Ltd

## BANKERS

Abu Dhabi Commercial Bank

Allahabad Bank

Andhra Bank

Australia and New Zealand Banking Group Ltd

Axis Bank

Barclays Bank PLC

Bank of America N.A.

Bank of Bahrain & Kuwait B.S.C.

Bank of Baroda

Bank of Ceylon

Bank of India

Bank of Maharashtra

Bank of Tokyo - Mitsubishi UFJ

Canara Bank

Central Bank of India

Citibank N.A.

City Union Bank

Corporation Bank

Credit Suisse Group AG

DBS Bank

Dena Bank

Deutsche Bank AG

Development Credit Bank

Dhanlaxmi Bank

HDFC Bank

Hongkong and Shanghai Banking Corporation

ICICI Bank

IDBI Bank

Indian Bank

Indian Overseas Bank

IndusInd Bank

ING Vysya Bank

JP Morgan Chase Bank N.A.

Karnataka Bank

Karur Vysya Bank

Kotak Mahindra Bank

Lakshmi Vilas Bank

Mizuho Corporate Bank

Oriental Bank of Commerce

Punjab & Sind Bank

Punjab National Bank

Shinhan Bank

Societe Generale Corporate & Investment Banking

Standard Chartered Bank

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of India

State Bank of Mauritius

State Bank of Mysore

State Bank of Patiala

State Bank of Travancore

Syndicate Bank

Tamilnad Mercantile Bank

The Federal Bank

The Jammu & Kashmir Bank

The Ratnakar Bank

The South Indian Bank

UBS AG

UCO Bank

Union Bank of India

United Bank of India

Vijaya Bank

Yes Bank

Shriram Transport Finance Company Limited (STFC) is the flagship company of Shriram Group – a diversified group with interests in financial services, manufacturing, value added services, project development, engineering Services, pharmaceuticals, etc.



Established in 1979, STFC has evolved into largest asset financing Non Banking Finance Company having ~25% market share in pre-owned and ~6% share in new commercial vehicles' financing.



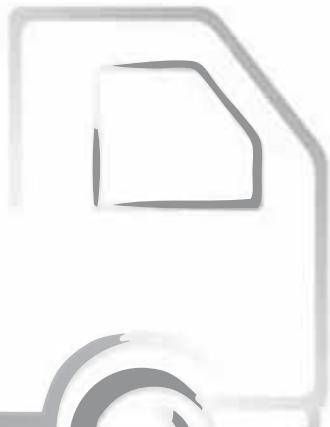
Headquartered in Mumbai, STFC has played a credible role in financial inclusion of millions of first time users (FTUs) and driver-turned-owner (DTO) by offering affordable finance on pre-owned commercial vehicles (CVs).



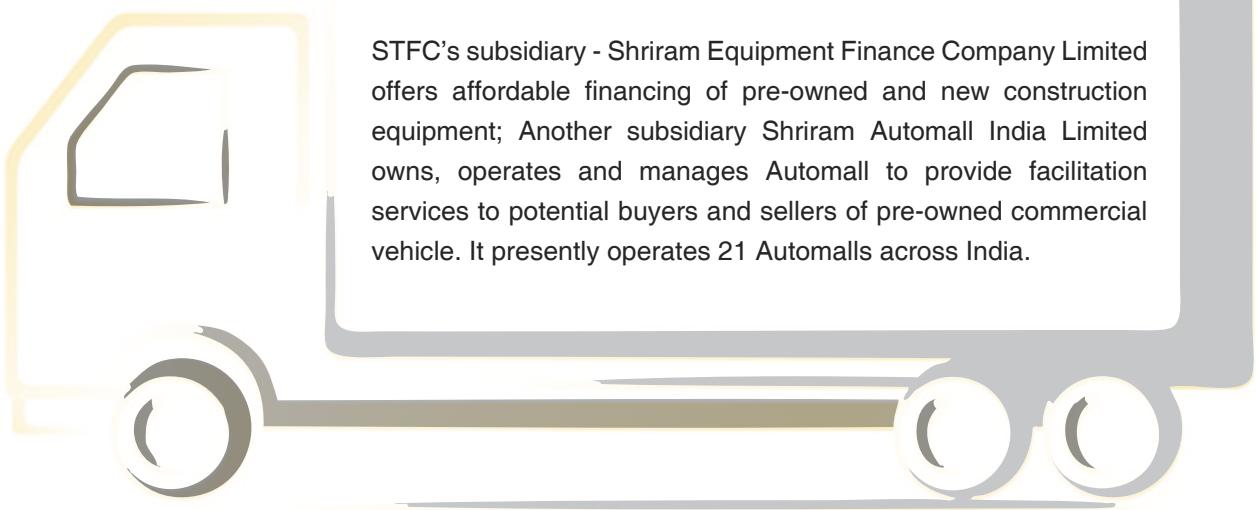
A professionally managed company, presently led by Mr. Umesh Revankar, Managing Director; STFC has fostered the culture of entrepreneurship across all levels in the organization. Presently, the company is driven by **16,000+** motivated entrepreneurs (including ~10,100 product/credit executives) championing a unique “relationship-based” business model through a pan-India network comprising **539** branches, **350** rural centers and partnerships with ~**500** private financiers.



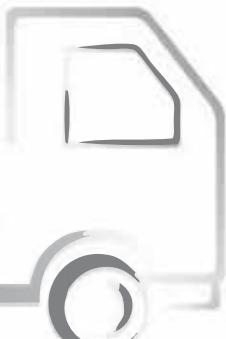
STFC, being a pioneer in pre-owned CV segment, has institutionalized its expertise in loan origination, valuation and collection. Over the years, STFC has created “an ecosystem of empowerment” by expanding its products and services to encompass similar asset classes (pre-owned and new commercial and passenger vehicles, tractors, 3 wheelers, multi-utility vehicles, etc.) and ancillary services (Finance for working capital, engine replacement, bill discounting, credit cards and tyre-loans as holistic financing support).



STFC's subsidiary - Shriram Equipment Finance Company Limited offers affordable financing of pre-owned and new construction equipment; Another subsidiary Shriram Automall India Limited owns, operates and manages Automall to provide facilitation services to potential buyers and sellers of pre-owned commercial vehicle. It presently operates 21 Automalls across India.



STFC is listed on the Bombay Stock Exchange (stock code: 511218) and the National Stock Exchange (stock code: SRTRANSFIN). Its market capitalization as on March 31, 2013 stood at **Rs. 15,770 cr.+**.



**CONSOLIDATED BASIS**

Assets under management crossed **Rs.50,000** crore-mark



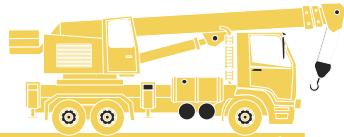
Total income up by **13.5 %** to **Rs.7,015.96** crore



Net profit up by **11.8 %** to **Rs.1,463** crore



Net interest income up by **9.5%** to **Rs.3,657.84** crore



Earnings per share up by **11.5%** to **Rs.64.52**



**STANDALONE BASIS**

Securitisation for the year 2012-13 crossed **Rs.8,500** crore



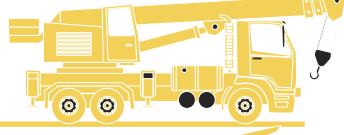
Total income up by **11.4 %** to **Rs.6,563.59** crore



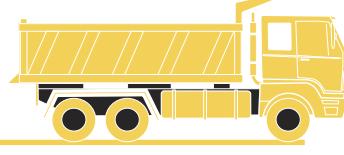
Net profit up by **8.2 %** to **Rs.1,360.62** crore

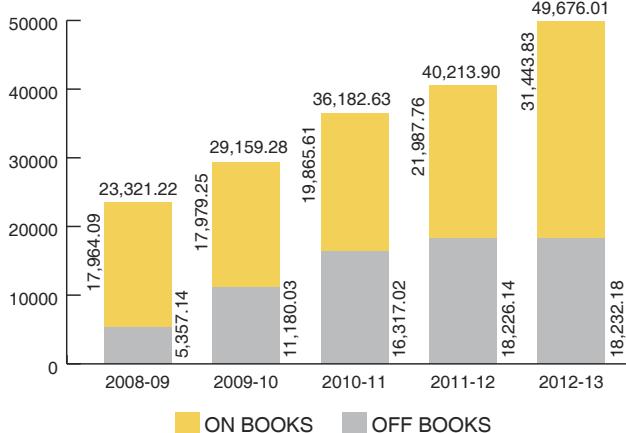
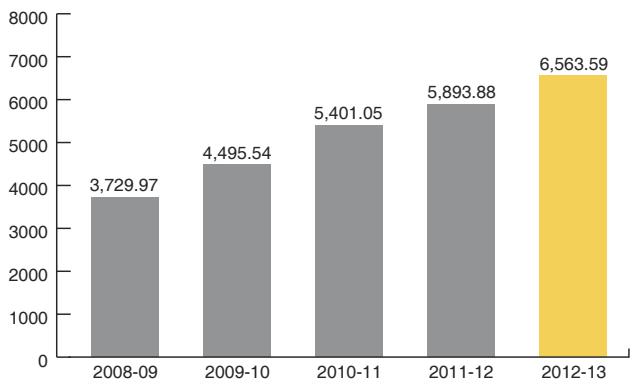
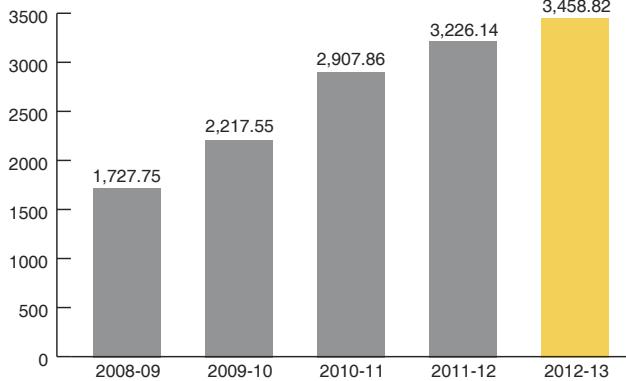
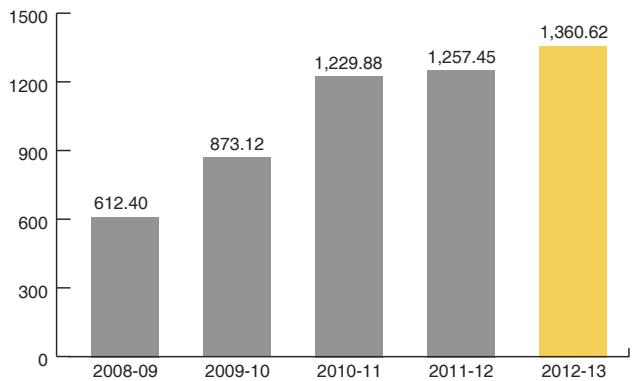
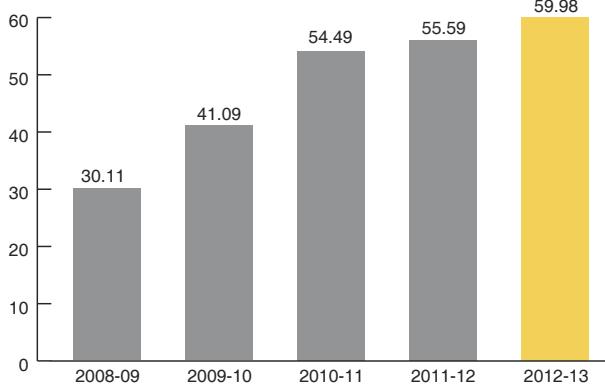
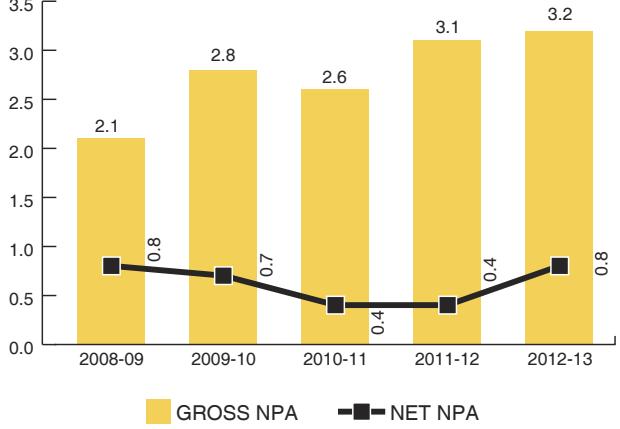


Net interest income up by **7.2%** to **Rs.3,458.82** crore



Earnings per share up by **7.9%** to **Rs.59.98**



**ASSETS UNDER MANAGEMENT (Rs. crore)**

**TOTAL INCOME (Rs. crore)**

**NET INTEREST INCOME (Rs. crore)**

**NET PROFIT (Rs. crore)**

**EPS (BASIC) (Rs.)**

**NPA (%)**


**A**

ADILABAD
ADONI
AGARTALA
AGRA
AHMEDABAD
AHMEDNAGAR
AJMER
AKOLA
ALAPPUZHA
ALIGARH
ALLAHABAD
ALWAR
AMALAPURAM
AMARAVATI
AMBALA
AMBIKAPUR
AMRELI
AMRITSAR
ANAKAPALLE
ANANATHAPUR
ANAND
ANCHAL
ANGAMALY
ANGUL
ARAKONAM
ARANI
ARIYALUR
ARRAH
ASANSOL
ATTUR
AURANGABAD
AZADPUR

BELLARY
BENGALURU
BERHAMPUR
BETUL
BHAGALPUR
BHANDARA
BHARATPUR
BHARUCH
BHATINDA
BHAVANIPURAM
BHAVNAGAR
BHILAI
BHILWARA
BHIMAVARAM
BHIWANDI
BHIVANI
BHOPAL
BHUBANESWAR
BHUJ
BIDAR
BIJAPUR
BIJNORE
BIKANER
BILASHPUR
BILASPUR
BIORA
BIRBHUM
BOKARO
BONGAIGAON
BUNDI
BURDWAN
BURHANPUR

**B**

BACHHELI
BADDI
BAGALKOT
BALASORE
BALGHAT
BANKURA
BANSWARA
BARAMATI
BARASAT
BARDOLI
BAREILLY
BARMER
BARODA
BASAVAKALYAN
BATLAGUNDU
BEED
BEGUSARAI
BEHRAICH
BELGAUM

**C**

CALICUT
CHALLAKERE
CHAMARAJNAGAR
CHANDAN NAGAR
CHANDAPURA
CHANDIGARH
CHANDIKHOL
CHANDRAPUR
CHANNAPATNA
CHANNARAYAPATNA
CHATTARPUR
CHENGPALATTU
CHENNAI
CHICKBALLAPUR
CHIDAMBARAM
CHIKKAMANGALORE
CHIKODI
CHINCHWAD
CHINDWARA
CHIPLUN
CHITRADURGA
CHITTOR

CHITTORGARH
CHOWTUPPAL
COIMBATORE
COOCHBEHAR
CUDDALORE
CUDDAPAH
CUMBUM
CUTTACK

**D**

DAHOD
DARBHANGA
DAUSA
DAVANGERE
DEEPIKA
DEHRADUN
DEOGHAR
DEWAS
DHAMTARI
DHANBAD
DHAR
DHARMAPURI
DHARWAD
DHULE
DINDIGUL
DURGAPUR

**E**

ELURU
ERNAKULAM
ERODE
ETAWAH

**F**

FAIZABAD
FARIDABAD
FARUKHABAD
FATHEPUR

**G**

GADAG
GADHINGLAJ
GADWAL
GAJUWAKA
GANDHIDHAM
GANGANAGAR
GANGAVATHI
GANGTOK

GAYA
GOBICHETTIPALAYAM
GODHARA
GODHAVARIKHANI
GONDIA

GORAKHPUR
GUDIVADA
GUDIYATHAM
GUDUR
GULBARGA

JALGAON
JALNA
JAMKHAMBHALIA
JAMMU
JAMNAGAR

**K**

KADIRI
KAITHAL
KAKINADA
KALLAKURICHI
KALYAN

**L**

KANCHANGAD
KANCHIPURAM
KANGRA
KANKAVALI
KANNUR

**M**

KANPUR
KARAD
KARAIKUDI
KARIMNAGAR
KARNAL

**N**

KATHUA
KATTAPPANA
KATTEDAN
KAWARDHA
KAYAMKULAM

**O**

KEONJHAR
KHAMGAON
KHAMMAM
KHANDWA
KHARAGPUR

**P**

KODADA
KOLAR
KOLHAPUR
KOLKATA
KOLLAM

**Q**

KOMPALLY
KOPPAL
KORBA
KOTA
KOTHAGUDEM

**R**

KOTTAYAM
KOVILPATTI
KRISHNAGIRI
KRISHNANAGAR
KUKATPALLY
KULLU
KUMBAKONAM
KUMTA
KUNDAPURA
KUNNANKULAM
KURNOOL

L B NAGAR
LAKHIMPUR
LAKHIMPURKHIRI
LATUR
LINGASUGUR
LUCKNOW
LUDHIANA

MACHILIPATNAM
MADANAPALLE
MADHURAWADA
MADIKERI
MADIWALA
MADURAI
MAHAOOBNAGAR
MALDA
MALEGAON
MANCHERIAL
MANDAPETA
MANDI
MANGALORE
MANJERI
MARTHALI
MARKAPURAM
MARTHANDAM
MAYILADITHURAI
MEDAK
MEERUT
MEHSANA
MELUR
METTUPALAYAM
METTUR
MIRYALAGUDA
MOGA
MORADABAD
MORBI
MORENA
MOTIHARI
MUDBIDRI
MUMBIAI

MURSHIDABAD
MUZAFFARPUR
mysore

## N

NADIA
NAGAPATTINAM
NAGERCOIL
NAGOLE
NAGOUR
NAGPUR
NAMAKKAL
NANDED
NANDIGAMA
NANDURBAR
NANDYAL
NARASARAOPETA
NARASIPATNAM
NARSINGHPUR
NASHIK
NAVI MUMBAI
NAVSARI
NEEMUCH
NELLORE
NEW DELHI
NEYYATINKARA
NIRMAL
NIZAMABAD

## O

ONGOLE
OOTY
OSMANABAD
OTTANCHATRAM
OTTAPALAM

## P

PADI
PALAKKAD
PALANI
PALANPUR
PALAYAMKOTTAI
PANDHARPUR
PANJIM
PARAMAKUDI
PARAVATHIPURAM
PARBHANI
PATAN
PATHANAMTHITTA
PATHANKOT
PATNA

PATTUKOTTAI
PENDURTHI
PIDUGURALLA
POLLACHI
PONDICHERRY

PORBANDAR
PRODDATUR
PUDUKOTTAI
PUNE
PURI

PURNEA
PUSAD
PUTTUR
RAIBAREILLY
RAICHUR

## S

SADULPUR
SAGAR
SAGARA
SAHAJAHANPUR
SAHARANPUR

SANGI
SANGRUR
SARAIPALLI
SATANA
SATARA

SAWAIMADHOPUR
SECUNDRABAD
SENDHWA
SHAHAPUR
SHAHDOL

SHILLONG
SHIMLA
SHIMOGA
SHIVPURI
SHOLINGANALLUR

SHRIRAMPUR
SIKAR
SILCHAR
SILIGURI
SINDHANUR

SINGARAYAKONDA
SIRMOUR
SIROHI
SIRSA
SIRSI

SIVAGANGA
SIVAKASI
SOLAPUR
SRIGANGANAGAR
SRIKAKULAM

SRINAGAR
SULTANPUR
SULTHANBATHERY
SULUR
SURAT

SURENDRANAGAR
T DASARAHALLI
TADEPALLIGUDEM
TADIPATRI
TAMBARAM

TAMLUK
TANJAVUR
TENALI
TENKASI
TEZPUR

THALASSERY
THANE
THENNI
THIRUNAGAR
THIRUPPATHUR

THIRUVALLUR
THIRUVARUR
THURAIYUR
TINDIVANAM

TINSUKIA
TIPTUR
TIRUCHENDUR
TIRUCHENGODE
TIRUNELVELI

TIRUPATHI
TIRUPPUR
TIRUR
TIRUVANNAMALAI
TIRUVOTRIYUR

TIRUVUR
TRICHY
TRIVANDRUM
TUMKUR
TUTICORIN

VALLIYOOR
VAPI
VARANASI
VATAKARA
VELLORE

VIJAYAWADA
VILLUPURAM
VIRUDHACHALAM
VIRUDHUNAGAR
VISAKHAPATNAM

VIZIANAGARAM


WADI


WADKHAL


WAIDHAN


WARANGAL


WARDHA


WARDHAMAN NAGAR


WASHIM


YAMUNA NAGAR


YAVATMAL

### ECONOMIC OVERVIEW

The global economy continues to grapple with the fallout of the 2008-09 crisis. In 2012, the estimated global GDP growth hovered around 3%, largely on account of decent performance by emerging and developing economies. US economy is expected to grow ~2% in 2012 largely on account of Federal Reserve's policy of quantitative easing. With the Agreement on a series of tax rises, US successfully managed to pull itself from the impending "fiscal cliff"; however, high unemployment levels coupled with expected spending cuts is expected to make the road to recovery, challenging in the medium term. At the same time, Euro zone continued to struggle. While Germany and UK economies continued to perform modestly; the other big economies such as France, Spain and Italy are expected to register substantial contraction.

Amongst the developing and emerging economies, China and India, despite their domestic issues, rank among the faster growing economies. While China has moderated its growth estimates to avoid middle-income trap; the road to sustained growth remains challenging, especially with slowdown in infrastructure spending. India continued to grapple with policy delays and high inflation rates, thereby registering curtailed spends from corporates as well as the largest middle-income group in the world.

### INDIAN ECONOMY

Being an economy that is largely driven by indigenous consumption; lower disposable income of large population had a direct bearing on its growth. In 2012-13, India continued to slide in terms of economic performance, registering an estimated GDP growth of around 5% - its lowest in the past decade. This was largely on account of sharp slowdown in investments, delays in policy decisions and weaker consumption from the burgeoning middle class owing to high inflation. The Reserve Bank of India, in its efforts to instigate the economy, reduced repo rates by 25 bps each on two occasions during 2012-13. In addition, the government took steps like raising diesel prices and introducing cap on subsidized LPG, to arrest growing current account deficit. At the same time, with high rates of interest and policy roadblocks, the corporate spends of capital nature remained low thereby further impacting the economic environment in the country. Even though 12th Plan envisioned spends of more than \$1 trillion on infrastructure development; the pace of implementation of the projects remained a challenge in 2012-13, the first year under the Plan. At the same time, owing to

slackened pace of infrastructure development in China during 2012 coupled with the mining ban imposed by Supreme Court in Karnataka and Odisha bore a major impact on commercial vehicles demand in the country during 2012-13.

### NBFC INDUSTRY

Non Banking Finance Companies (NBFCs) have emerged as important financial intermediaries particularly for the small-scale and retail sectors. With simplified sanction procedures, flexibility, low operating cost and focused product presence, NBFCs have an edge over banks in meeting the credit needs of customers.

### COMMERCIAL VEHICLES

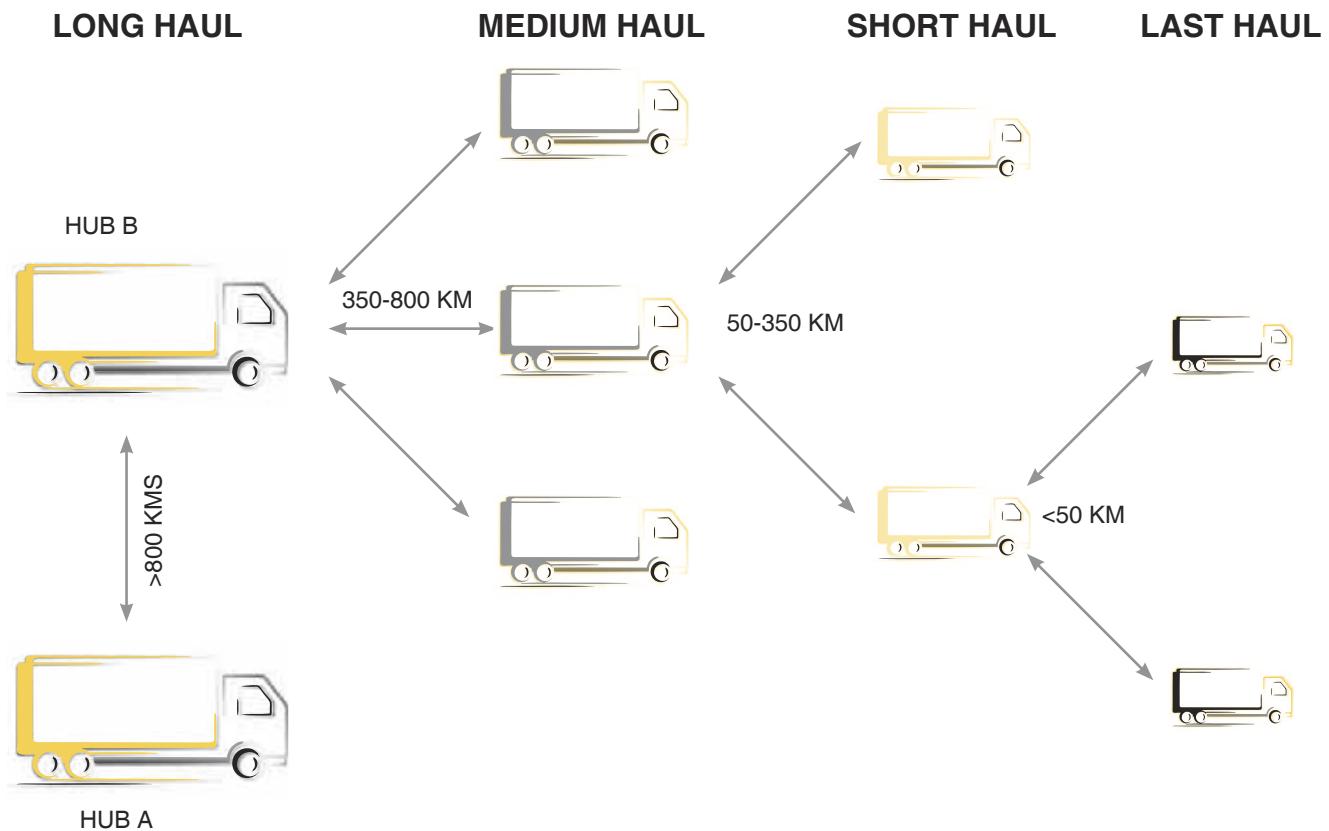
Segments	Segment-wise Volumes				
	FY09	FY10	FY11	FY12	FY13
M&HCVs	183,495	244,944	323,059	384,801	278,560
LCVs	200,699	287,777	361,849	494,318	501,808
Total	384,194	532,721	684,908	879,119	780,368

2012-13 has been a challenging year for the Indian commercial vehicles industry as the cumulative impact of diverse factors such as slowdown in economic activity, high interest rates, rising fuel and vehicle prices dampened consumer sentiments. As the economy slowed down, most of the segments in the auto space reported either a tepid growth or a decline in volumes. The cumulative production for 2012-13 reflected a production growth of only 1% over the same period last year for the Indian automobile sector as a whole. The overall commercial vehicles segment registered a decrease of 2% in 2012-13. While the sales volume for medium and heavy commercial vehicles (M&HCVs) declined by 23%; demand for light commercial vehicles (LCVs) witnessed an increase of 14% on account of higher demand for intra-city logistics.

### LIGHT VEHICLES EMERGING AS THE NEXT GROWTH DRIVERS

The LCVs have been growing at a sustained pace in an otherwise bleak demand environment. The major driver for the LCVs have been rejuvenated rural and semi-urban economy across the country, largely driven by middle Indian states like Uttar Pradesh, Bihar, Madhya Pradesh, Chhattisgarh, etc. Since the LCVs are used for last mile connectivity, they have also been performing well in terms of demand in the tier 1 and 2 cities with the existing restrictions on M&HCVs imposed. Lower maintenance cost coupled with growing appetite of industries like FMCG and white goods in the rural and semi-urban India is driving the demand for LCVs.

### DISTRIBUTION CHAIN - HUB AND SPOKE MODEL

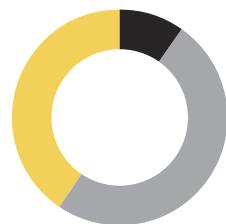


Source: Avendus Research

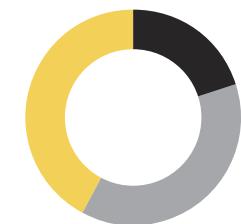
### PRE-OWNED COMMERCIAL VEHICLES

Pre-owned commercial vehicles segment was traditionally an unorganized segment, until firmly established by STFC as a preferred asset class, owing to its efforts over past three decades. The pre-owned commercial vehicle financing market size is estimated to be Rs. 1,850 bn consisting of 5.2 mn vehicles. The company since inception has been focused on first time users and driver-turned owners who were underbanked and had no access to affordable funds. Being the first time entrepreneurs, they had access to limited funds, which was insufficient to be offered as equity for a new CV. As a result, this segment was more inclined to buy pre-owned CVs – preferably 5-12 year owing to the immense price difference. As a result, the company chose to focus on the 5-12 year old segment, which presently accounts to 42% market volume terms – translating into an addressable market opportunity of Rs. 75,000 crore. The pre-owned CV market is largely unorganized and under penetrated with 65-70% market share with private financiers presenting enormous business opportunity for a sustainable long term growth.

### Market potential



### Truck profile (5.2 mn)

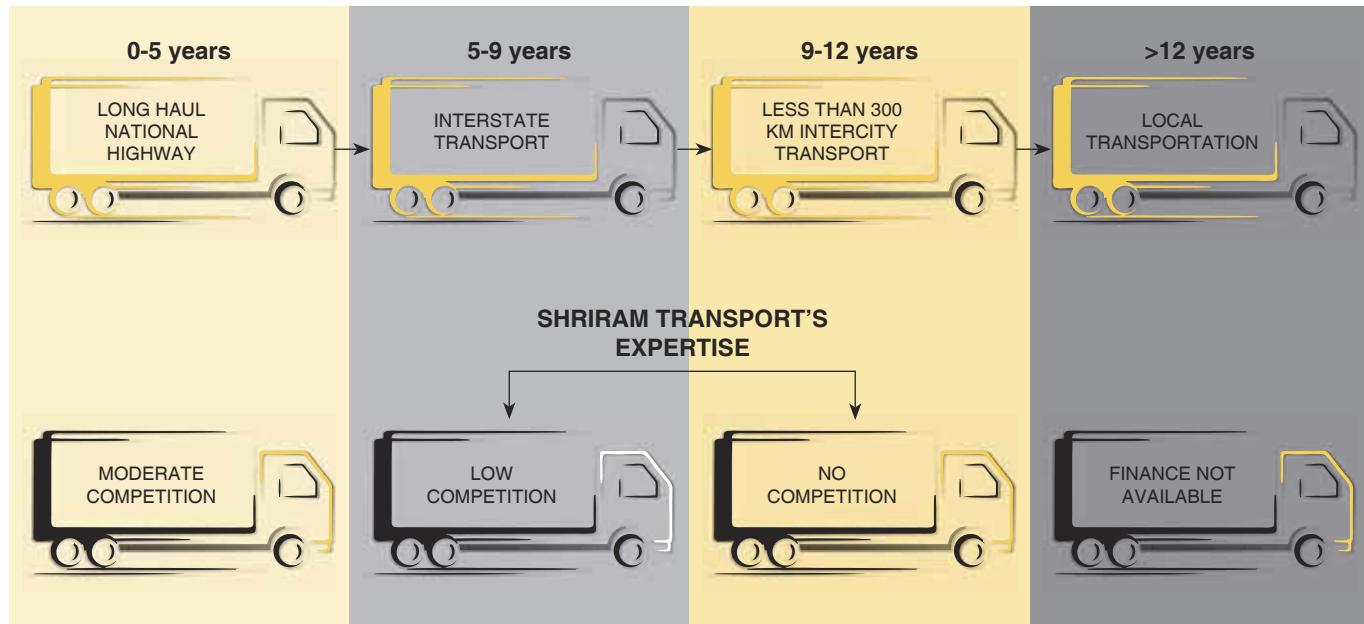


SHRIRAM TARGET SEGMENT

### LIFE CYCLE OF A CV OFFERS MULTIPLE FINANCING OPPORTUNITIES

A typical nine tonne CV generally changes ownership four times in its life cycle. It starts off on the long haul national highways, moves down to interstate by the fifth year, further on to less than 300 km intercity routes and finally goes on to local uses like garbage trucks after 13-14 years. These changes of ownership create multiple financing options for financiers.

### FINANCING OPPORTUNITIES OVER LIFE CYCLE OF A TYPICAL 9 TONNE TRUCK



Considering India has sold more than a million CVs between 2001 and 2010. This will in the few years translate into a huge opportunity for the next wave of drivers-turned-owners and first time users to join the industry. At the same time, it will offer a huge shot in the arm for existing owners of pre-owned CVs to graduate into newer pre-owned vehicles. At the same time, the impending modernization of the CV industry and stricter emission norms would trigger a large replacement demand for pre-owned CVs especially in the 5-12 year old segment.

#### CONSTRUCTION EQUIPMENT

India has called for \$1 trillion in public and private infrastructure spending in the five years through 2017. India's earthmoving and construction equipment (ECE) industry has enjoyed strong growth till from 2001 to 2009 as a result of rapid economic development in the country. The organized construction sector in India (e.g. roads, urban infrastructure) accounts for ~55% of the ECE industry; Mining, irrigation and other infrastructure segments (e.g. Power, railways) account for the rest. India being among the fastest growing economies in the world, most global OEMs have already strengthened their presence here. All these players can be expected to increase product variety, introduce new applications and services (e.g. rentals, financing) and hence catalyze growth by increasing supply.

For the infrastructure development, which is completely based on the targeted massive investment, the construction equipment manufacturing industry estimates that CE demand would go up to around 100,000 units during 2014 which include: backhoe loaders, crawler excavators and

dozers, wheel loaders, asphalt pavers, motor graders, air compressors, dump trucks, concrete and asphalt batching plants, concrete pumps, piling rigs, compactors, and mobile cranes.

#### COMPANY REVIEW

##### 2012-13 in review

2012-13 was a challenging year for the company. The sectors that traditionally motivate higher demand for commercial vehicles continued to face lower traction in terms of investments and activity. While the Indian infrastructure spending remained stagnant on account of policy delays and tightening credit decisions by the banks and financial institutions; the mining sector was badly hit by the imposed ban in key areas such as Odisha, Karnataka, etc. Moreover, increased cost of finance resulted in adverse impact on the capital investment plans by the corporate. To top it all, the revision in diesel prices led to higher operating cost for the truck owners in an already recessionary economy.

However, catering to a customer segment that personally utilizes the asset to earn livelihood, the demand for pre-owned vehicles remained high, especially with increased presence in new rural and semi-urban centres for the company. The only challenge remained in view of an uncertain economic growth was to safeguard the quality of assets – a trait that we at Shriram Transport have always taken pride in. Therefore, we chose good business over easy business; in other words, we continued to grow responsibly by keeping our asset quality intact. During 2012-13, our consolidated assets under management (AUM) surpassed Rs. 50,000 crore mark. On a consolidated basis, our net interest income increased by

9.52% to Rs. 3,657.84 crore and our net profits registered a 11.8% growth to Rs. 1,463.43 crore. We deepened our reach by expanding our network to 539 branches across India. Our gross NPAs and net NPAs stood at 3.2% and 0.8% respectively, indicating higher provisioning to protect our quality of growth in the coming years.

### Construction equipment business

We continued to capitalize upon the trend among small road transport operators to diversify into construction equipment as the second income opportunity. To this end, our subsidiary - Shriram Equipment Finance Company Limited, continued to offer a wide range of pre-owned and new commercial construction equipment including forklifts, cranes, loaders etc. to first time users, including our existing customers. During 2012-13, Shriram Equipment Finance Company Limited registered a top line of Rs. 405.03 crore and a net profit of Rs. 89.33 crore. The company had an AUM of Rs. 3,041.17 crore as on March 31, 2013, as compared to Rs. 1,923.37 crore as on March 31, 2012.

### Auto Malls

Shriram Automall India Limited (SAIL), the subsidiary of our company, presently operates 21 Automalls as on March 31, 2013. Automall is yet another pioneering initiative by the company that offers facilitation services to the potential buyers and sellers of the pre-owned CVs. Automalls have fast gained prominence among first time users and driver-turned-owners as it offers absolute transparency in valuation process, backed by assured title, quality and performance of the vehicle.

During 2012-13, SAIL registered total income of Rs. 75.35 crore and a profit after tax of Rs. 13.96 crore.

### SWOT ANALYSIS

#### Strengths

- The pioneer in the pre-owned commercial vehicles financing sector
- Knowledge-driven and relationship-based business model
- Pan-India presence with 539 branch offices
- A well-defined and scalable organisation structure based on product, territory and process knowledge
- Strong financial track record driven by fast growth in AUM with low Non Performing Assets (NPAs)
- Experienced and stable management team
- Strong relationships with public, private as well as foreign banks, institutions and investors.
- More than 9.5 lac customers across India

#### Weaknesses

- The Company's business and its growth are directly linked to the GDP growth of the country

### Opportunities

- Growth in the CV market
- Strong demand for construction equipment
- Strong demand for passenger CVs
- Strong demand for pre-owned tractors
- Loans for working capital requirements of CV users
- Partnerships with private financiers will enable the Company to enhance its reach without significant investments in building infrastructure

### Threats

- Regulatory changes in the NBFC and ancillary sectors

### FINANCIAL PERFORMANCE

During the year 2012-13 (on a standalone basis), the Company's total income increased by 11.4% to Rs. 6,563.59 crore. Profit after tax registered a growth of 8.2% to Rs. 1,360.62 crore. The Gross NPAs and net NPAs for the year under review stood at 3.2% and 0.8% respectively. The Company's net spread for the year under review stood at 5.35%.

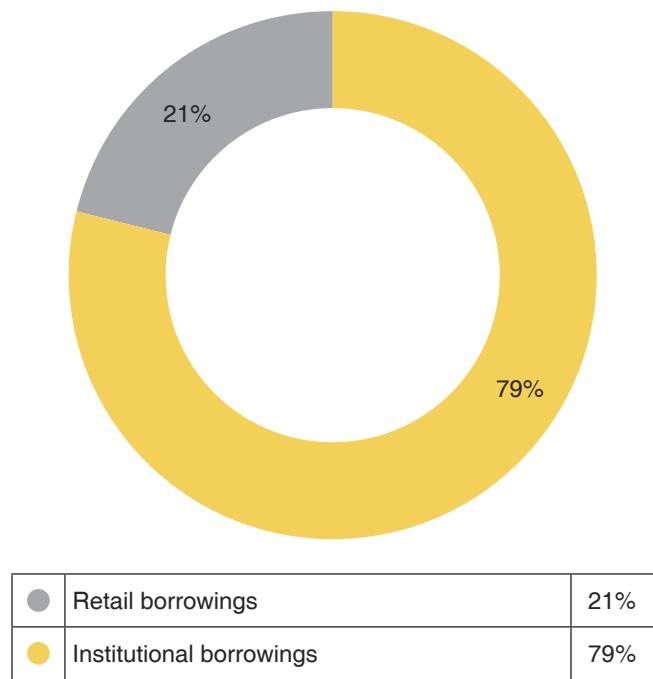
### Capital Adequacy Ratio (CAR)

The Company maintained a CAR of 20.74% during 2012-13 against a minimum 15% as required by RBI norms.

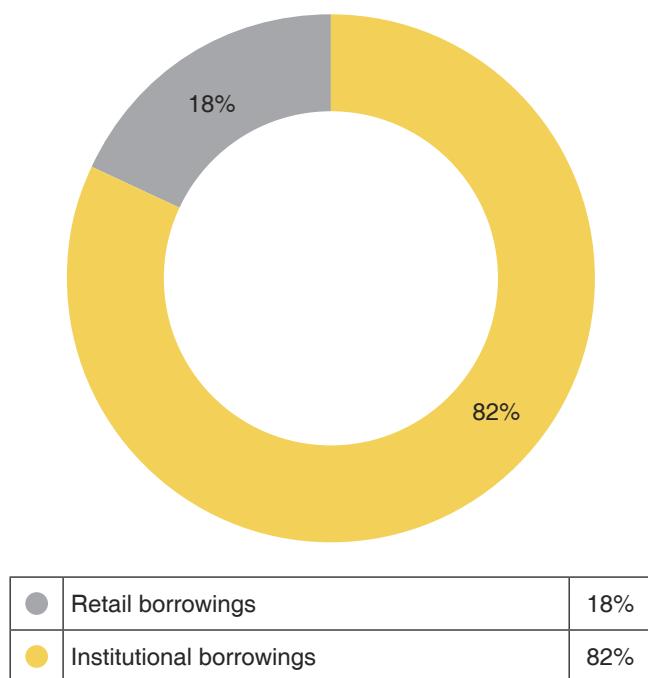
### Borrowing profile

The Company's total external borrowings increased from Rs. 23,127.36 crore as of March 31, 2012 to Rs. 31,002.37 crore as of March 31, 2013.

### 2011-12



**2012-13**



### Securitisation

During 2012-13 the company securitised its assets worth Rs. 8,784 crore (about 17.68% of the total assets under management as on March 31, 2013) as against Rs. 8,346 crore during 2011-12. The steps initiated by the company to ensure superior asset quality through transparent and impactful processes have resulted in expanding its realm of economical financial alternative. The securitisation allows the company to mitigate the interest risk by converting its floating liability to fixed price liability but also enables the company to access low cost funds under priority sector by RBI. The outstanding securitised assets portfolio stood at Rs. 18,152 crore as on March 31, 2013.

### HUMAN RESOURCES

With a unique relationship based business model at the core of its operations, Shriram Transport credits most of its success to its motivated and dynamic employees across India. The company fosters a culture of entrepreneurship among its employees across all levels through empowering and promoting decision-making among the ground level executives. This has not only led to forging long term

relationships with our clients but also has helped the company maintain a credible asset quality despite its presence in a novel asset and customer segment. The Shriram Transport "human network" comprise of 16,178 motivated entrepreneurs (including ~10,100 product/credit executives). The company has an open-door policy across levels, which enables higher transparency in operations and at the same time, ensures superior team building. The company's culture of rewarding performers with higher responsibilities has enabled it to produce homegrown leaders across key verticals. The company consistently invests efforts in training and developing its employees, which in-turn reflects in its sustained growth and minimal attrition rates.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

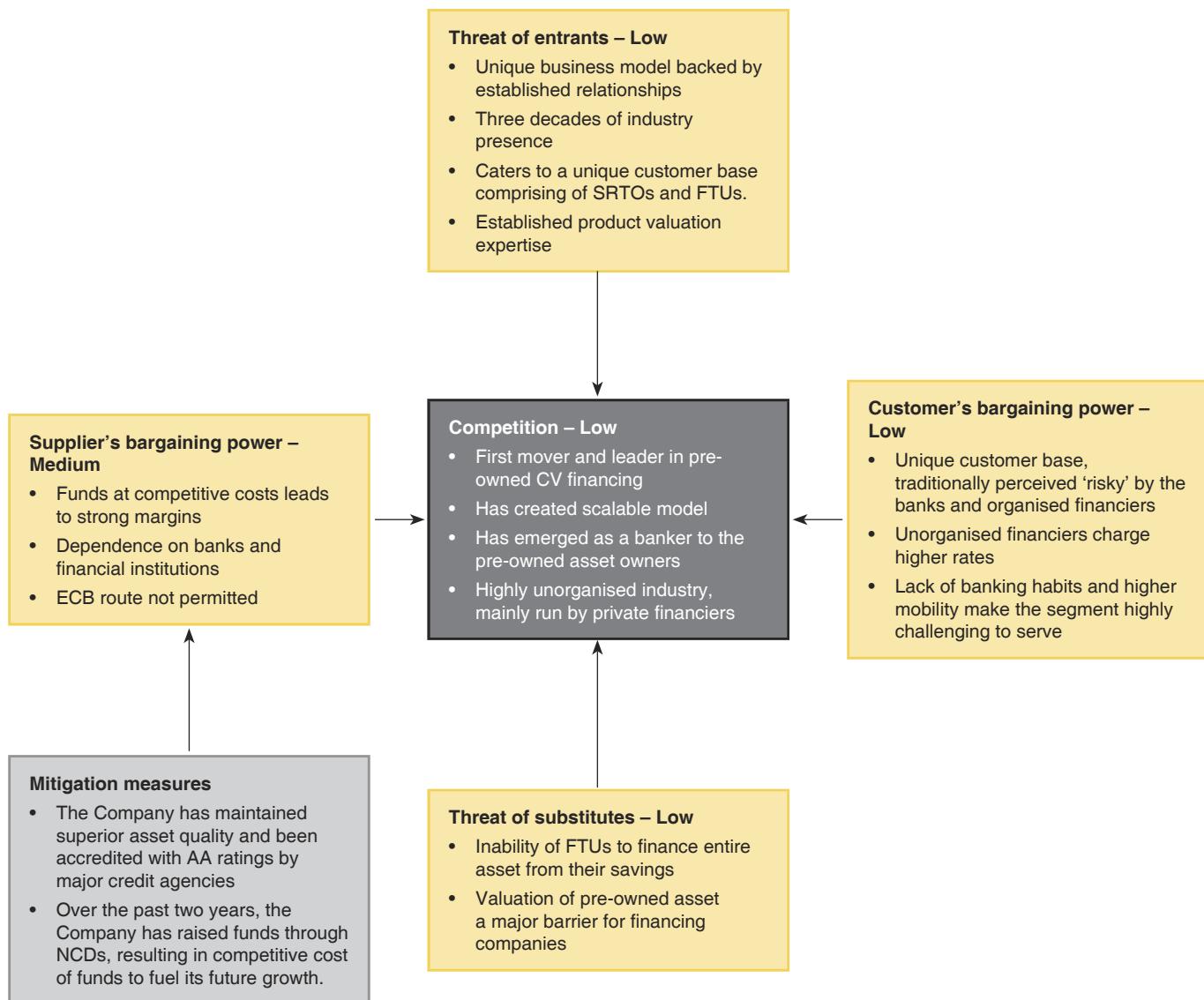
In any industry, the processes and internal control systems play a critical role in the health of the Company. The Company's well-defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Audit Committee of the Board reviews internal audit reports given along with management comments. The Audit Committee also monitors the implemented suggestions.

### CAUTIONARY STATEMENT

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, dependence on certain businesses, dependence on availability of qualified and trained manpower, economic conditions, government policies and other factors. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

## KEY RISKS AND MITIGATION MEASURES

### Porter's Five Forces analysis



**ECONOMY RISK**


***Sale of CVs gets directly impacted with the slowdown in the economic activity. This could lead to lower business for the Company.***

**Risk mitigation**

In general, any industrial or economical slowdown usually hits the demand for new commercial vehicles. At the same time, with low industrial activity or slowdown in infrastructure projects, usually the large fleet owners get impacted on account of lower utilization. Shriram Transport finances FTUs and DTOs, who usually use the CV for earning their own livelihood. As a result, the customers find relevant means to utilise their assets, even with the macro factors are not encouraging. The pre-owned CV portfolio comprise of ~76% of the Company's total portfolio. At the same time, the Company has diversified its asset portfolio to cater to LCVs, a segment which continues to remain promising in the long term. Besides, the Company has also expanded its solutions to emerge as a one-stop-shop for CV owners.

**HUMAN RESOURCE RISK**


***The Company has a unique relationship-based business model, which may get adversely impacted due to attrition at both ground and strategic levels.***

**Risk mitigation**

Since its inception, Shriram Transport has practiced its philosophy of "putting people first". The Company's people friendly policies coupled with a performance-rewarding culture have enabled it to deliver progressive career path for each of its employees. The Company provides entrepreneurial role to each of its employees by empowering them with decision-making in their respective realm of work. This culture has not only enabled the Company to limit attrition at key levels but also produce home grown leaders.

**INTEREST RATE RISK**


***While the Company borrows at both fixed and floating rates, it lends at a fixed rate. If the Company has a large proportion of borrowings at a floating rate, a sharp fluctuation in interest rate may lead to a reduction in the Company's net interest margin. Higher interest cost would also lead to a higher cost of lending which may reduce the attractiveness of the Company for borrowers and affect the Company's ability to grow its business.***

**Risk mitigation**

The Company has instituted the process of asset valuation, perfected over the years, which enables it to lend judiciously and protect its asset quality. The relationship-based business model has enabled the Company to receive timely recoveries and ensure healthy portfolios. All of the Company's loans qualify as Priority Sector assets for banks and therefore have lower cost. To fuel the scalable business model with affordable funds, the Company has, raised funds through non-convertible debentures. These NCDs are listed and were rated highly by the reputed credit agencies. Given its long-standing relationship with banks and institutions and an impeccable track record of servicing its debts in a timely manner, the Company is a preferred partner for all banks and institutions.

**ASSET-LIABILITY MISMATCH RISK**

***If the Company uses short-term liabilities to fund long term assets, it could result in a liquidity crunch affecting the Company's ability to service loans and fund overheads.***

**Risk mitigation**

The Company ensures that the short term and long term sources of funds are favourably matched with deployment. To avoid any asset liability risk, the Company resorted to long-term funding instruments such as NCDs and securitization. With the superior asset quality and demonstrated scalability of business model, the Company has continued to enjoy trust and support from its long-term investors and banks. The Company has an impeccable record in servicing debts on time, further resulting from its strict fiduciary discipline.

**CASH MANAGEMENT RISK**

***Almost two-thirds of the Company's total monthly collections are in the form of cash, due to the underdeveloped banking habits of SRTOs. Lack of proper cash management can lead to a loss for the Company.***

**Risk mitigation**

The Company ensures efficient and secure collection across all its branches through cash management network with leading banks. This coupled with stringent checks and internal controls employed across all branches has led to significant mitigation in the envisioned risk. At the regional level, each branch's collections are monitored and reconciled to avoid any potential risk. The Company also ensures that its field officers make compulsory monthly visits to borrowers, which help in managing large cash collections.

Your Directors have pleasure in presenting their Thirty Fourth Annual Report and the Audited Statements of Accounts for the financial year ended March 31, 2013.

## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Particulars	2012-13	2011-12
Profit Before Depreciation and Taxation	203,452.20	189,437.37
Less: Depreciation and Amortisation	1,833.09	1,346.35
<b>Profit Before Tax</b>	<b>201,619.11</b>	<b>188,091.02</b>
Less: Provision for Taxation	65,557.10	62,346.06
<b>Profit After Tax</b>	<b>136,062.01</b>	<b>125,744.96</b>
Add: Balance brought forward from previous year	191,157.33	140,584.21
Balance available for appropriation	327,219.34	266,329.17
<b>Appropriations</b>		
Excess provision written back – Tax on Dividend	0.41	35.18
General Reserve	14,000.00	12,600.00
Statutory Reserve	28,000.00	25,200.00
Debenture Redemption Reserve	(21,956.09)	20,312.44
Dividend on Equity Shares of Rs. 10/- each	15,900.24	14,708.50
Tax on Dividend	2,649.52	2,386.08
<b>Balance carried to Balance Sheet</b>	<b>288,626.08</b>	<b>191,157.33</b>

## DIVIDEND

Your Directors at their meeting held on October 30, 2012 declared higher interim dividend of Rs. 3.00 per equity share (i.e.30%) for the financial year 2012-13 as compared to interim dividend of Rs. 2.50 per equity share (i.e 25%) for the previous financial year 2011-12. The interim dividend was paid on November 26, 2012.

Your Directors have recommended a final dividend of Rs. 4.00 per equity share (i.e. 40%) for the financial year ended March 31, 2013. Thus, the total dividend (including interim dividend paid) for the year ended March 31, 2013 shall be Rs.7.00 per equity share (i.e. 70%).

## CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2013, stood at 20.74% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%.

## CREDIT RATING

The credit rating enjoyed by the Company as on March 31, 2013 is as follows.

Credit Rating Agency	Instruments	Ratings
CARE	Non-Convertible Debentures	CARE AA+
CARE	Subordinate Debt	CARE AA+
CRISIL	Fixed Deposit	CRISIL FAA+/Stable
CRISIL	Subordinate Debt	CRISIL AA/Stable
CRISIL	Non-Convertible Debentures-Public	CRISIL AA/Stable
CRISIL	Short Term Debt	CRISIL A1+
CRISIL	Bank Loan Long Term & Short Term	CRISIL AA/Stable
ICRA	Fixed Deposit	MAA+ with Stable outlook
India Ratings & Research Private Limited (Formerly known as "FITCH")	Non-Convertible Debentures-Public	IND AA
India Ratings & Research Private Limited (Formerly known as "FITCH")	Short Term Debt	IND A1+
India Ratings & Research Private Limited (Formerly known as "FITCH")	Subordinate Debt	IND AA

## OPERATIONS

For the financial year ended March 31, 2013, your Company earned Profit Before Tax of Rs. 201,619.11 lacs as against Rs.188,091.02 lacs in the previous financial year and the Profit After Tax of Rs.136,062.01 lacs as against Rs. 125,744.96 lacs in the previous financial year. The total Income for the year under consideration was Rs. 656,358.99 lacs and total expenditure was Rs. 454,739.88 lacs. As on March 31, 2013, the outstanding hypothecation loans were Rs. 3,044,719.53 lacs.

During the financial year ended March 31, 2013, the Company mobilised Rs. 794,525.93 lacs through Non-convertible debentures, Rs. 62,913.30 lacs through subordinated debts, Rs. 1,241,800.00 lacs through term loans, Rs. 20,000.00 lacs through working capital loans, Rs.141,000.00 lacs through commercial paper and Rs. 878,430.32 lacs through assignment of loan receivables from the customers.

## ECONOMIC AND BUSINESS ENVIRONMENT

Amidst global slowdown and uncertainty, the economic activity in India remained subdued on account of halted investment demand, moderation in consumption spending, declining exports and weakening business and consumer confidence. The loss of growth momentum continued throughout the year 2012-13. The year-on-year growth rate of Gross Domestic Product (GDP) during 2012-13 slowed from 5.5% in the first quarter to 5.3% in the second quarter and 4.5 % in the third quarter. Vide Press Release dated February 7, 2013, the Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation, Government of India has estimated 5% growth in GDP for the year 2012-13.

The Headline inflation measured by the Wholesale Price Index (WPI) which remained sticky at above 7.5% on year-on-year basis through first half of 2012-13, fell to 5.96% level in March, 2013. The softening of global commodity prices and lower pricing power of corporates domestically moderated non-food manufactured product inflation. However, the food inflation moved into double digit.

Continuous contracting exports, rising imports on the back of higher oil and gold imports widened trade deficit. On top of the large trade deficit, the slowdown in net exports of services and larger outflows of investment income payments widened the Current Account Deficit to reach at the peak level of 6.7% of GDP in the third quarter of the year 2012-13.

The Society of Indian Automobile Manufacturers (SIAM) has reported growth of 2.61% in the overall domestic sales of vehicles during the financial year 2012-13 over the same period last year. The overall Commercial Vehicles segment registered de-growth of 2.02%. The Medium and Heavy Commercial Vehicles (M&HCVs) sales were worst affected and declined by 23.18%. The Light Commercial Vehicles (LCVs) sales grew at 14.04% and the Passenger Vehicle segment grew by 2.15%. However, Passenger cars declined by 6.69%. Utility vehicles grew by 52.20% and Vans grew by modest 1.18%. Three-Wheelers grew by 4.87%. Passenger Carriers grew by 8.58%. The Goods Carriers registered de-growth of 9.20%.

The overall automobile exports during the financial year 2012-13 registered de-growth of 1.34% as compared to the same period in the previous year. While Passenger Vehicles exports grew by 9.02%, the exports of other segment namely Commercial Vehicles, Three Wheelers and Two Wheelers fell by 13.35%, 16.22% and 0.72% respectively.

Despite tough macro-economic conditions and negative growth rates in sales of new M&HCV, the business of the Company was not impacted due to the Company's continued focus on financing of pre-owned commercial vehicles, thrust on financing LCVs, rural market penetration , customer relationships etc. Despite tight liquidity conditions, subdued sentiments in the stock market, the Company's fund mobilization from banks, institutions , issue of non-convertible debentures and securitization of receivables continued to be smooth on account of its innovative resource mobilisation techniques, good track record of debt servicing, investors' confidence etc.

## OUTLOOK AND OPPORTUNITIES

Various measures undertaken by the Government since mid-September, including liberalization of Foreign Direct Investment(FDI)in retail, aviation, broadcasting and insurance, deferment General Anti-Avoidance Rules (GAAR), reduction in withholding tax on overseas borrowings by domestic companies, progressive deregulation of administered fuel prices and setting up of Cabinet Committee on Investment should help in improvement in market sentiments and spur investment. The fall in global commodity prices should help in reducing the Current Account Deficit from lowering of import of crude oil and gold.

Your directors are of the opinion that despite weak macro-economic factors and uncertainty, your Company's business operations would not be seriously affected and your Company would continue to grow in future as well.

## FIXED DEPOSITS

As on March 31, 2013, there were 1,576 fixed deposits aggregating to Rs. 1,109.99 lacs that have matured but remained unclaimed. There were no deposits, which were claimed but not paid by the Company. The unclaimed deposits have since reduced to 1,284 deposits amounting to Rs. 819.12 lacs. Appropriate Steps are being taken continuously to obtain the depositors' instructions so as to ensure renewal/ repayment of the matured deposits in time.

## SUBSIDIARIES

### Shriram Equipment Finance Company Limited (SEFCL)

SEFCL's income from operations for the year ended March 31, 2013 was Rs. 40,476.84 lacs as against Rs. 21,010.10 lacs in the previous year.

### Shriram Automall India Limited (SAIL)

During the year 2012-13 SAIL has established 13 additional Automalls, thereby increasing the total number of Automalls to 21. SAIL has reported income from operations of Rs. 7,496.66 for the year ended March 31, 2013 as against Rs.10,728.76 lacs in the previous year.

## Shriram Insurance Broking Company Limited (SIBCL)

SIBCL was incorporated on January 01, 2013 as a wholly-owned subsidiary of the Company primarily to act as a Direct Broker in General insurance and Life insurance sector. SIBCL is awaiting regulatory approvals for commencement of its operations.

A statement on consolidated financial position of the Company with that of the subsidiaries is attached to the Annual Report. The consolidated financial statements attached to this Annual Report are prepared in compliance with the applicable Accounting Standards and Listing Agreement.

The annual reports and the annual accounts of the subsidiaries and the related detailed information shall be made available to shareholders of the Company seeking such information. The annual accounts of the subsidiaries shall also be kept for inspection by shareholders at the Registered Office of the Company and of the respective subsidiaries. The annual accounts of the subsidiaries shall be available on the website of the Company viz. [www.stfc.in](http://www.stfc.in). The Company shall furnish hard copy of details of accounts of the subsidiaries to any shareholder on demand.

## SCHEME OF ARRANGEMENT

The Hon'ble High Court of Madras, has sanctioned the Scheme of Arrangement entailing merger of Shriram Holdings (Madras) Private Limited ('SHMPL' or 'Transferor Company') with the Company (hereinafter referred to as the 'Scheme'). The Certified True Copy of the High Court Order was filed with Registrar of Companies (ROC), Chennai, Tamil Nadu, on November 5, 2012.

Pursuant to the Scheme, the investment of the Transferor Company in the share capital of the Transferee Company viz. 9,33,71,512 fully paid-up Equity shares of Rs. 10/- each stood cancelled upon coming into effect of the Scheme. Accordingly, on November 5, 2012 the Company issued and allotted 9,38,72,380 New Equity shares on Amalgamation of Rs. 10/- each fully paid-up to the shareholders of the Transferor Company in the ratio of 313:124 i.e 313 equity shares of Rs. 10/- each fully paid up of the Transferee Company issued for every 124 equity shares of Rs. 10/- each fully paid up of the Transferor Company. The Transferor Company was dissolved without winding up.

## SHARE CAPITAL

Pursuant to the said Scheme of Arrangement and upon merger of SHMPL with the Company as mentioned above, the Authorized Capital of the Company has increased to Rs. 59,700 lacs. Considering cancellation of investment of erstwhile SHMPL in the Company, the effective increase in the Paid-up capital of the Company was Rs. 50.09 lacs. The erstwhile SHMPL ceased to be Promoter and shareholder of the Company from November 5, 2012. Shriram Capital Limited is Promoter of the Company.

During the year under review, the Company allotted 62,500 fully paid up equity shares of the face value of Rs. 10/- each to its employees on their exercise of stock Options by them. Details of the shares issued and allotted under the Employees Stock Option Scheme of the Company, as well as the disclosures in compliance with Clause 12 of the

Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure to this Report.

## PUBLIC ISSUE OF SECURED NON-CONVERTIBLE DEBENTURES

In July 2012 your Company made Public Issue of Secured Non-Convertible Debentures (NCDs) of face value of Rs. 1,000 each, aggregating to Rs. 30,000 lacs (Base Issue) with an option to retain over-subscription upto Rs. 30,000 lacs for issuance of additional NCDs aggregating to a total of upto Rs. 60,000 lacs, pursuant to the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and subject to the necessary approvals, consents and permissions. Despite tough market conditions, the Public Issue received good response from investors. The Issue was over-subscribed 2.24 times of the Base Issue size and 1.12 times of the total Issue size. Your Company issued and allotted NCDs aggregating to Rs. 60,000 lacs. The objects of the Public issue was to raise funds for various financing activities including lending and investments, to repay existing loans and for business operations including for meeting capital expenditure and working capital requirement.

The Board in its meeting held on May 7, 2013 has accorded its approval for raising funds by way of Public Issue of NCDs upto Rs. 200,000 lacs in one or more tranches at appropriate time during the current financial year.

## BOARD OF DIRECTORS

Mrs. Kishori Udeshi and Mr. Amitabh Chaudhry, who were appointed as Additional Directors by the Board of Directors with effect from October 30, 2012 will hold office of an Additional Director upto the date of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956.

Mr. R. Sridhar, who was appointed as Director on May 8, 2012 in the casual vacancy caused by resignation of Mr. S. Venkatakrishnan will hold office upto the date of the ensuing Annual General Meeting pursuant to Section 262 of the Companies Act, 1956.

Company has received notices pursuant to Section 257 of the Companies Act, 1956 from shareholders signifying their intention to propose candidatures of Mrs. Kishori Udeshi, Mr. Amitabh Chaudhry and Mr. R. Sridhar for their appointment as directors of the Company in the ensuing Annual General Meeting. Accordingly, the necessary resolutions are included in the Notice of the 34th Annual General Meeting for appointment of said persons as Directors of the Company. The Board has also recommended their appointment as directors of the Company.

Mr. S. Lakshminarayanan will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- b) That such accounting policies as mentioned in Note 2.1 of the Accounts have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Annual Accounts have been prepared on a going concern basis.

#### RBI GUIDELINES

The Company continues to comply with all the requirements prescribed by the Reserve Bank of India, from time to time as applicable to it.

#### CORPORATE GOVERNANCE

The Report on Corporate Governance forms part of the Annual Report, and is annexed herewith.

As required by the Listing Agreement, Auditors' Report on Corporate Governance and a declaration by the Managing Director with regard to Code of Conduct are attached to the said Report.

The Management Discussion & Analysis is given as a separate statement forming part of the Annual Report.

Further, as required under Clause 49 of the Listing Agreement, a certificate, duly signed by the Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2013, was submitted to the Board of Directors at their meeting held on May 7, 2013. The certificate is attached to the Report on Corporate Governance.

#### BUSINESS RESPONSIBILITY REPORT

Pursuant to clause 55 of the Listing Agreement, Top 100 Listed companies shall prepare Business Responsibility Report every year and the same shall form part of the company's Annual Report. The Board has constituted a committee of directors which has framed the Business Responsibility Policy of the Company. The Business Responsibility Report of the Company forms part of the Annual Report and is annexed herewith.

#### AWARDS AND RECOGNITIONS

##### "Padma Bhushan"

The Directors are pleased to report that Shri R. Thyagarajan, Founder Chairman of Shriram Group has been conferred with the prestigious 'Padma Bhushan' Award for the year 2012 in the field of "Trade and Industry" by the Hon'ble President of India in a grand function held at Rashtrapati Bhawan on April 5, 2013.

##### "SAFA" Certificate of Merit for excellence in Financial Reporting

The Committee of South Asia Federation of Accountants

(SAFA) has awarded 'Certificate of Merit' to our Company's Annual Report for the year 2011 in the category of 'Financial Services Sector'. The Awards under different categories are conferred on the basis of evaluation of the published Annual Reports of entries from South Asian countries administered by the committee of SAFA. The Awards were distributed on March 22, 2013 in the premises of the Institute of Chartered Accountants of Sri Lanka, Colombo.

#### AUDITORS

M/s. S. R. BATLIBOI & Co. LLP, Chartered Accountants, Mumbai and M/s. G. D. Apte & Co., Chartered Accountants, Mumbai, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Certificates have been received from them to the effect that their re-appointment as Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. They have also confirmed that they hold a valid peer review certificate as prescribed under clause 41(1)(h) of the Listing Agreement. Members are requested to consider their re-appointment.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the requirement under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:

- a. The Company has no activity involving conservation of energy or technology absorption.
- b. The Company does not have any Foreign Exchange Earnings.
- c. Outgo under Foreign Exchange - Rs. 0.83 lacs.

#### PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Sec 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

#### ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the guidance and cooperation extended by Reserve Bank of India and the other regulatory authorities. The Board takes this opportunity to express their sincere appreciation for the excellent patronage received from the Banks and Financial Institutions and for the continued enthusiasm, total commitment, dedicated efforts of the executives and employees of the Company at all levels. We are also deeply grateful for the continued confidence and faith reposed on us by the Shareholders, Depositors, Debenture holders and Debt holders.

For and on behalf of the Board of Directors

Mumbai  
May 07, 2013

**Arun Duggal**  
*Chairman*

**(I) "PROMOTER GROUP" AS DEFINED UNDER REGULATION 2(1)(t) OF SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKE OVERS REGULATIONS, 2011, (SAST REGULATIONS 2011) AS UNDER:**

1. Shriram Ownership Trust, 2. Shriram Financial Ventures (Chennai) Private Limited, 3. Shriram Retail Holdings Private Limited, 4. Shriram Life Insurance Company Limited, 5. Shriram General Insurance Company Limited, 6. Shriram Credit Company Limited, 7. Bharat Reinsurance Brokers Private Limited, 8. Shriram Overseas Investments Private Limited, 9. Shriram Investments Holdings Limited, 10. Shriram Enterprise Holdings Private Limited, 11. Bharat Investments Pte. Limited, Singapore, 12. Shriram City Union Finance Limited, 13. Shriram Fortune Solutions Limited, 14. Shriram Wealth Advisors Limited, 15. Shriram Insight Share Brokers Limited, 16. Shriram Financial Products Solutions (Chennai) Private Limited, 17. Shriram Housing Finance Limited and 18. Insight Commodities and Futures Private Limited.

**(II) THE PERSONS ACTING IN CONCERT (PAC), AS DEFINED IN THE SAST REGULATIONS 2011 FOR THE PURPOSE OF REGULATION 10 OF SAST REGULATIONS, 2011:**

i. Newbridge India Investments II Limited, ii. Newbridge India Investments III Limited, iii. Newbridge Asia IV, L.P., iv. Southern Pine Pte. Limited, v. Sanlam Emerging Markets (Mauritius) Limited, vi. Shriram Asset Management Company Limited, vii. Shriram Mutual Fund (SMF), viii. Mr. S. Krishnamurthy (Trustee of SMF), ix. Mr. S M Prabhakaran (Trustee of SMF), x. Mr. V.N. Shivashankar (Trustee of SMF), xi. Mr. N.R. Sridharan (Trustee of SMF), xii. Shriram Automall India Limited, xiii. Shriram Equipment Finance Company Limited and xiv. Shriram Insurance Broking Company Limited

All the entities/persons mentioned above are PACs for not less than three years except the entities at Sr. Nos.(2), (16) and (17) of (I) and the entities at Sr. No.(v), (viii), (x) and (xiv) of (II) above which are PACs for less than three years.

None of the above mentioned entities/persons hold any shares in the Company except the entity at Sr. No. (II) (i).

The above disclosure is made for the purpose of Regulation 10 of SAST, Regulations 2011

**ANNEXURE TO THE DIRECTORS' REPORT, 2012-13**

<b>Particulars</b>	<b>Shriram Transport Finance Company Limited Employees Stock Option Scheme, 2005</b>
a) Option granted	4,941,000 equity shares of Rs.10/- each
b) The pricing formula	Rs. 35/- per Option
c) Options vested	3,938,650
d) Options exercised (as at March 31, 2013)	3,803,050
e) The total number of shares arising as a result of exercise of options	3,803,050 equity shares of Rs.10/- each
f) Options lapsed (as at March 31, 2013)	1,119,150
g) Variations of terms of options	Nil
h) Money realized by exercise of options	133,106,750
i) Total number of option in force (as at March 31, 2013)	18,800
j) Director and Employees to whom options were granted during the year:	
i) Director(s) including Managing Director and Senior Management Personnel	None
ii) Any other employee who received a grant of options amounting to 5 percent or more of options granted	None
iii) Identified employees who were granted options equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
k) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Rs. 59.98
i) Methods of calculation of employee compensation cost	Intrinsic Value Method
ii) Difference between the employee compensation cost so computed at i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	<b>Employee Compensation Cost *</b> As per intrinsic value method – Rs. (86.69) lacs As per fair value method using Black Scholes Model - Rs. (80.20) lacs Difference in cost is Rs. (6.49) lacs
iii) The impact of this difference on Profits and on EPS of the Company	<b>Impact on Profits and EPS *</b> Amortisation for the FY 2012-2013 As per intrinsic value method - Rs. (86.69) lacs As per fair value method using Black Scholes Model - Rs. (80.20) lacs Impact on profit - Rs. (6.49) lacs Impact on diluted EPS-Nil

\* Negative amount in the current year ended March 31, 2013 is owing to forfeiture of options granted to employees in the past along with option lapse on account of employee resignation against which ESOP expense were duly booked in the past over the vesting period of such options.

I)	Series I	Series II	Series III	Series IV	Series V	Series VI
Weighted average exercise price	Rs.35.00	Rs.35.00	Rs.35.00	Rs.35.00	Rs.35.00	Rs.35.00
Weighted average fair value	Rs.59.04	Rs.91.75	Rs.74.85	Rs.136.40	Rs.253.90	Rs.201.45

m) Fair Value of option based on Black Scholes methodology

Series I	2005	2006	2007	2008
Expected Volatility (%)	38.44	38.44	38.44	38.44
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31
Expected life of Options		5.09 years		
Grant date		31.10.2005		
Closing market price of share on date of option grant			Rs.93.30	

Series II	2006	2007	2008	2009
Expected Volatility (%)	19.89	19.89	19.89	19.89
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52
Expected life of Options		5.49 years		
Grant date		01.01.2006		
Closing market price of share on date of option grant			Rs.130.10	

Series III	2006	2007	2008	2009
Expected Volatility (%)	31.85	31.85	31.85	31.85
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52
Expected life of Options		6.01 years		
Grant date		09.10.2006		
Closing market price of share on date of option grant			Rs.111.25	

<b>Series IV</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Expected Volatility (%)	41.51	41.51	41.51	41.51
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89
Expected life of Options	6.88 years			
Grant date	17.08.2007			
Closing market price of share on date of option grant	Rs.168.05			
<b>Series V</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Expected Volatility (%)	69.22	69.22	69.22	69.22
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63
Expected life of Options	7.78 years			
Grant date	15.07.2008			
Closing market price of share on date of option grant	Rs.294.50			
<b>Series VI</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Expected Volatility (%)	64.80	64.80	64.80	64.80
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96
Expected life of Options	8.60 years			
Grant date	13.05.2009			
Closing market price of share on date of option grant	Rs.245.25			

**THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE IS AIMED AT:**

- (a) Enhancing long term Shareholder value through
  - ⦿ Assisting the top management in taking sound business decisions; and
  - ⦿ Prudent financial management.
- (b) Achieving transparency and professionalism in all decisions and activities of the Company.
- (c) Achieving excellence in Corporate Governance by
  - ⦿ Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
  - ⦿ Reviewing periodically the existing systems and controls for further improvements.

**BOARD OF DIRECTORS**

**Composition**

The Board of Directors of the Company consists of professionals from varied disciplines. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The Board meets regularly to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions, etc. Some of the powers of the Board have also been delegated to Committee(s), which monitors the day-to-day affairs relating to operational matters. The Board thus exercises close control over the overall functioning of the Company with a view to enhance the Shareholder value.

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

During the year under review, five meetings of the Board of Directors were held on May 08, 2012, July 05, 2012, July 24, 2012, October 30, 2012, and January 25, 2013.

The maximum gap between any two meetings was not more than four months. The thirty third Annual General Meeting was held on July 05, 2012.

As mandated by Clause 49, as of March 31, 2013, none of the Directors is a member of more than ten Board level Committees and no such Director is a Chairman of more than five Committees of the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

As of March 31, 2013, the Company's Board comprised of ten members. The Chairman of the Board is non-executive Director. The Managing Director is an Executive of the Company.

The agenda papers along with the explanatory notes for Board Meetings are sent in advance to the Directors. In some instances, documents are tabled at the meetings and presentations are also made by the respective executives on the matters related to them at the Board or Committee Meetings.

The names and categories of Directors, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and number of memberships/chairmanships of Directors in other Boards and Board Committees are as follows:

**COMPOSITION OF BOARD AS OF MARCH 31, 2013**

Name of the Director and Category of Directorship	No. of Board Meetings attended	Whether attended the last AGM	Total no. of Directorships	Total no. of Memberships of the Committees of Board		Total no. of Chairmanships of the committees of Board	
				Memberships in Audit / Investor Grievance Committees	Memberships in other Committees	Chairman-ships in Audit / Investor Grievance Committees	Chairman-ships in other Committees
<b>Mr. Arun Duggal</b> Chairman-Non-Executive Non-Independent	5	Yes	12	2	4	2	1
<b>Mr. Umesh Revankar</b> Managing Director-Executive	5	Yes	10	1	-	-	1
<b>@@ Mr. R. Sridhar</b> Non- Executive, Non-Independent (w.e.f May 08, 2012)	3	Yes	6	1	-	-	1
<b>Mr. M. S. Verma</b> Non-Executive, Independent	3	Yes	7	2	1	2	5
<b>Mr. S. M. Bafna</b> Non-Executive, Independent	2	Yes	15	-	-	-	-
<b>## Mr. M. M. Chitale</b> Non-Executive, Independent (upto July 05, 2012)	1	No	N.A.	N.A.	N.A.	N.A.	N.A.
<b>## Mr. Adit Jain</b> Non-Executive, Independent (upto July 05, 2012)	1	No	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Mr. S Lakshminarayanan</b> Non-Executive, Independent	5	Yes	4	-	-	-	1
<b>Mr. Puneet Bhatia</b> Non-Executive, Nominee of Newbridge India Investments II Ltd.	3	No	6	-	-	-	-
<b>Mr. Ranvir Dewan</b> Non-Executive, Nominee of Newbridge India Investments II Ltd.	5	Yes	9	2	1	-	-
<b>@@ Mr. S.Venkatakrishnan</b> Non-Executive Non-Independent (upto May 08, 2012)	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>\$\$ Mr. Amitabh Chaudhry</b> Non-Executive, Independent (w.e.f. October 30, 2012)	1	N.A.	4	1	-	-	-
<b>\$\$ Mrs. Kishori Udeshi</b> Non-Executive, Independent (w.e.f. October 30, 2012)	1	N.A.	5	1	-	1	-

**Notes:**

1. While considering the total number of directorships of Directors, their directorships in private companies, Section 25 companies and foreign companies, if any, have been included and their directorship in the Company has been excluded.
2. The memberships and chairmanships of Directors in committees do not include their memberships and chairmanships in the Company.
3. The memberships and chairmanships of Directors in committees include their memberships and chairmanships in the wholly owned subsidiaries of the Company.
4. None of the above Directors are related inter- se.
5. @@ Mr. S. Venkatakrishnan resigned as Director of the Company w.e.f. May 08, 2012. The Board of Directors appointed Mr. R. Sridhar as a Director in the casual vacancy caused by resignation of Mr. Venkatakrishnan.
6. ## Mr. M.M. Chitale and Mr. Adit Jain retired by rotation at 33rd Annual General Meeting held on July 05, 2012.
7. \$\$ Board of Directors appointed Mr. Amitabh Chaudhry and Mrs. Kishori Udeshi as Additional Directors w.e.f. October 30, 2012.

**Policy for prohibition of Insider Trading:**

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code for Prohibition of Insider Trading for Directors/ Officers and Designated employees of the Company, relating to dealings by them in the securities of the Company.

The Code also provides for periodical disclosures from Directors/Officers and Designated employees as well as pre-clearance of transactions by such persons.

**AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

**Terms of Reference**

The terms of reference of the Audit Committee, inter alia includes:

- ⦿ Overseeing the financial reporting process.
- ⦿ To ensure proper disclosure in the quarterly, half yearly and Annual Financial Statements.
- ⦿ To recommend appointment, re-appointment of auditors and the fixing of their remuneration. Approval of payment to statutory auditors for any other services rendered by them.
- ⦿ Reviewing, with the management, the Financial Statements before submission to the Board.
- ⦿ Reviewing, with the management, performance of

statutory and Internal auditors, adequacies of the internal control systems.

- ⦿ Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- ⦿ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- ⦿ Discussing with Internal auditors on any significant findings and follow up there on.
- ⦿ Reviewing the findings of any internal examinations by the Internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ⦿ Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ⦿ To discuss with the management, the senior internal audit executives and the statutory auditor/s the Company's major risk exposures and guidelines and policies to

govern the processes by which risk assessment and risk management is undertaken by the Company, including discussing the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposures and from time to time conferring with another Committee/s of the Board about risk exposures and policies within the scope of such other Committee's oversight.

- ⦿ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
- ⦿ To review the functioning of the Whistle Blower Mechanism.
- ⦿ Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- ⦿ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- ⦿ To review the financial Statements, in particular, the investments made by the unlisted subsidiary company/ies.
- ⦿ During the year under review, four meetings were held on May 07, 2012, July 23, 2012, October 29, 2012, and January 24, 2013. The maximum gap between any two meetings was not more than four months.

The necessary quorum was present for all the meetings.

#### Composition

Name of the Member	Category	No. of Meetings Attended
Mr. M. S. Verma – Chairman	Non-Executive, Independent	4
Mr. Puneet Bhatia	Non-Executive, Nominee of Newbridge India Investments II Ltd.	3
Mr. M. M. Chitale (upto July 5, 2012)	Non-Executive, Independent	1
Mr. S. M. Bafna	Non-Executive, Independent	3

The Company Secretary acts as the Secretary for the Audit Committee. The Statutory Auditors, Internal Auditor, the Managing Director and the Chief Financial Officer and the Head of Accounts Department of the Company attend and participate in the meetings of the Audit Committee.

#### REMUNERATION COMPENSATION AND NOMINATION COMMITTEE

##### Terms of Reference

The terms of reference of the Remuneration Compensation and Nomination Committee, inter alia includes:

##### Executive Remuneration

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the Shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment for the Managing Director/ Whole-time Directors and Executive Directors. The role of the Committee includes:

- ⦿ To provide independent oversight of and to consult with management regarding the Company's compensation, bonus, pension and other benefit plans, policies and practices applicable to the Company's executive management.
- ⦿ To develop guidelines for and annually review and approve (a) the annual basic salary, (b) the annual incentive and bonus, including the specific goals and amount and (c) equity compensation for the Managing Director and the other executive officers of the Company.
- ⦿ To review and approve (a) employment agreements, severance arrangements and change in control agreements/ provisions and (b) any other benefits, compensation or arrangements for the Managing Director and the other executive officers of the Company.

##### Employees Stock Option Scheme (ESOS)

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to ESOS including, administration of the Company's stock incentive plans, and other similar incentive plans, and interpret and adopt rules for the operation thereof.

The Committee's responsibility also covers establishment of guidelines for and approval of the grant of stock Options to key employees, officers and directors of the Company, including determination of the number of shares to be covered by each Option, whether the Option will be an incentive stock Option or otherwise, and the vesting schedule for such Options.

During the year under review, Four meetings of the Committee were held on May 08, 2012, July 05, 2012, July 23, 2012 and October 30, 2012.

The necessary quorum was present for all the meetings.

#### Composition

Name of the Member	Category	No. of Meetings Attended
Mr. S. Lakshminarayyan - Chairman (w.e.f. July 5, 2012)	Non Executive-Independent	2
Mr. Puneet Bhatia	Non Executive-Nominee of Newbridge India Investments II Ltd.	2
Mr. S. M. Bafna	Non Executive-Independent	2
Mr. Adit Jain (upto July 5, 2012)	Non Executive-Independent	1
Mr. M. M. Chitale (upto July 5, 2012)	Non Executive-Independent	1

#### Remuneration policy of the Company

##### For Managing Director

The Managing Director is paid a fixed quantum of salary and perquisites. He is also eligible for such percentage of commission/incentive as may be recommended by the Remuneration Compensation and Nomination Committee based on the overall performance of the Company, which shall be within the overall limits permissible under the Companies Act, 1956 and as approved by the Shareholders.

Remuneration paid to the Managing Director for the financial year 2012 - 2013 is given elsewhere in this Report.

##### For Non Executive Independent Directors

The Company is being benefited from the expertise, advise and inputs provided by the Independent Directors. The Independent directors devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time.

Non Executive Directors get sitting fees for attending each meeting of the Board of Directors/Committees thereof and reimbursement of out-of-pocket expenses incurred, wherever applicable, for attending such meetings. The sitting fee is payable only to Independent Directors. The sitting fee payable per meeting is as under:

- |                      |              |
|----------------------|--------------|
| a) Board meeting     | Rs. 20,000/- |
| b) Committee meeting | Rs. 15,000/- |

In addition to the sitting fees it is proposed to pay commission to Non Executive Independent Directors subject to the approval of shareholders in the ensuing Annual General Meeting. The criteria of making payment of commission to Non Executive Independent Directors as approved by the Board of Directors at its meeting held on October 30, 2012 and May 07, 2013 has been put on the Company's website i.e [www.stfc.in](http://www.stfc.in)

The details of sitting fees/remuneration/commission paid / to be paid to the Directors during the year 2012 - 13 are as under:

Sr. No.	Name of the Director	Sitting Fees for attending Meetings (Rs.)	Salary, Perquisites & ESOS (Rs.)	Commission (Rs.)	Total (Rs.)
1	<b>Mr. Arun Duggal,</b> Chairman	-	-	-	-
2	<b>Mr. Umesh Revankar</b> Managing Director	-	4,356,002.43	-	4,356,002.43
3	<b>Mr. R. Sridhar</b>	-	-	-	-
4	<b>Mr. M. S. Verma</b>	120,000/-	-	500,000/-	620,000/-
5	<b>Mr. S. M. Bafna</b>	295,000/-	-	500,000/-	795,000/-
6	<b>Mr. S. Lakshminarayanan</b>	190,000/-	-	500,000/-	690,000/-
7	<b>Mr. Puneet Bhatia</b>	-	-	-	-
8	<b>Mr. Ranvir Dewan</b>	-	-	-	-
9	<b>Mr. Amitabh Chaudhry</b>	20,000/-	-	250,000/-	270,000/-
10	<b>Mrs. Kishori Udeshi</b>	20,000/-	-	250,000/-	270,000/-
11	<b>Mr. M. M. Chitale</b>	50,000/-	-	-	50,000/-
12	<b>Mr. Adit Jain</b>	35,000/-	-	-	35,000/-
	Service Tax on sitting fees paid to the Directors	19,158/-	-	-	19,158/-

**Notes:**

Mr. Umesh Revankar was appointed as the Managing Director of the Company for a period of 5 years with effect from April 01, 2012 by the shareholders at their 33rd Annual General Meeting held on July 5, 2012. His remuneration includes salary and incentive of Rs. 3,000,000/- p.a, Perquisites of Rs. 737,410/- contribution to Provident Fund of Rs. 352,800/- and applicable discount of Rs. 265,792.43 on Stock Options. The appointment may be terminated by giving three months notice in writing or salary in lieu thereof. No severance fees are payable on termination of employment.

The Board of Directors have passed resolution for payment of Commission out of the net profit of the company computed in the manner laid down in Section 349 and 350 of the Companies Act,1956 to the non-executive independent directors for a period of five years ending March 31, 2017 subject to the approval of shareholders which is being sought by passing a special resolution in the ensuing 34th Annual Annual General Meeting (AGM) of the Company. The Commission for the year ended March 31, 2013 will be paid subject to deduction of tax after adoption of Accounts by the Shareholders in the ensuing 34th AGM of the Company.

**Details of Shares / Warrants held by the Directors as  
on March 31, 2013, are as below:**

Name of the Director	Share / Warrant holdings
<b>Mr. Arun Duggal</b>	-
Chairman	
<b>Mr. Umesh Revankar</b>	50,809 shares
Managing Director	
<b>Mr. R. Sridhar</b>	-
<b>Mr. M. S. Verma</b>	-
<b>Mr. S. M. Bafna</b>	1,200 shares
<b>Mr. S. Lakshminarayanan</b>	-
<b>Mr. Puneet Bhatia</b>	-
<b>Mr. Ranvir Dewan</b>	-
<b>Mr. Amitabh Chaudhry</b>	-
<b>Mrs. Kishori Udeshi</b>	-

**SHAREHOLDERS' INVESTORS' GRIEVANCE  
COMMITTEE**

**Terms of reference**

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending to and redressal of the grievances of the shareholders and the investors of the Company.

**The Committee in particular looks into:**

- The listing of securities on stock exchanges.
- The Shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividends and matters related thereto.
- The matters that can facilitate better investor services and relations.

- Attending to investors' queries and complaints regarding transfer, dividend, annual reports, etc.
- Attending to complaints of investors routed by SEBI/ Stock Exchanges/RBI.
- The amounts transferable to Investor Education and Protection Fund.
- The profile of investors.
- Taking decision on waiver of requirement of obtaining the Succession Certificate/Probate of Will on case to case basis within the parameters set out by the Board of Directors.
- Taking decisions in connection with issue of global depository receipts, and
- The secretarial audits.

During the year, the Committee met four times on May 08, 2012, July 24, 2012, October 30, 2012 and January 24, 2013.

The necessary quorum was present for all the meetings.

#### Composition

Name of the Member	Category	No. of Meetings Attended
Mr. S. Lakshminarayanan – Chairman	Non Executive-Independent	4
Mr. Umesh Govind Revankar	Managing Director-Executive	4

The status of investor grievances is monitored by the Committee periodically and the minutes of the Committee are made available to the Board. The complaints received from the Shareholders, SEBI, Stock Exchanges, and others are reviewed and they are replied to by the Company/Registrar & Share Transfer Agents regularly. The status of the pending complaints as well as the system of redressal mechanism is reviewed by the Committee periodically.

#### Shareholders'/Investors' Complaints

Status of Complaints on equity shares	No. of Complaints
Complaints pending as on April 01, 2012	NIL
Complaints received during the period April 01, 2012 to March 31, 2013	16
Complaints identified and reported under Clause 41 of the Listing Agreement	16
Complaints disposed off during the year ended March 31, 2013	16
Complaints unresolved as of March 31, 2013	NIL

These complaints have been attended on time and none of the complaints were pending for a period exceeding 30 days. Mr. Vivek M. Achwal, Company Secretary is designated as Compliance Officer of the Company.

#### BANKING AND FINANCE COMMITTEE

##### Terms of Reference

The Banking and Finance Committee has been formed to monitor resources mobilisation and to ensure efficient and timely decisions on the matters relating to banking and finance activities of our Company. The Committee meets regularly to discharge its functions.

During the year under review, the Committee met 36 times.

The necessary quorum was present for all the meetings.

#### Composition

Name of the Member	Category	No. of Meetings Attended
Mr. Umesh Revankar - Chairman	Managing Director and CEO	32
Mr. Parag Sharma	Member	35
Mr. Vinay Kelkar	Member	34

**ASSET LIABILITY MANAGEMENT COMMITTEE**
**Terms of reference**

The Committee is responsible for assisting the Board of Directors in Balance Sheet planning from risk-return perspective including the strategic management of interest and liquidity risk. Its function includes -

- Liquidity risk management
- Management of market risks
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analysing future business environment and preparation of contingency plans.

During the year under review, the Committee met four times on April 30, 2012, July 24, 2012, October 29, 2012 and January 25, 2013.

The necessary quorum was present for all the meetings.

**Composition**

Name of the Member	Category	No. of Meetings Attended
Mr. Umesh Revankar - Chairman	Managing Director and CEO	4
Mr. Ranvir Dewan	Non Executive-Nominee of Newbridge India Investments II Ltd.	3
Mr. Parag Sharma	Member	4

**GENERAL BODY MEETINGS**
**Details of location and time of holding the last three Annual General Meetings (AGM):**

Year	AGM	Location	Date & Time
2009-10	31st AGM	Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai - 600 018	June 15, 2010. 11.00 A.M.
2010-11	32nd AGM	Sri Thyaga Brahma Gana Sabha, 'Vani Mahal', 103, G.N. Road, T. Nagar, Chennai - 600 017.	June 24, 2011 at 11.00 A.M
2011-12	33rd AGM	Narada Gana Sabha (Main Hall), No, 314, TTK Road, Alwarpet, Chennai - 600 018.	July 05, 2012 at 11.00 A.M

- No special Resolutions were passed at the 31st AGM held on June 15, 2010 and 32nd AGM held on July 05, 2012.
- At the 32nd AGM held on June 24, 2011, special resolution was passed whereby Articles 46 to 49 and Articles 64 to 81 were deleted and the existing article from 50 to 63 renumbered as articles 46 to 59.
- Postal Ballot - During the year 2012 -13, no resolution was passed through Postal Ballot.
- At the ensuing AGM to be held on July 05, 2013, no special resolution is proposed for passing through Postal Ballot. However, a special resolution is proposed for payment of commission out of the net profit of the company computed in the manner laid down in Section 349 and 350 of the Companies Act,1956 to the non-executive independent directors for a period of five years ending March 31, 2017. A special resolution for alteration of the Articles of Association is also proposed at the ensuing AGM. Details of special resolutions are given in the Notice of the ensuing AGM.

**SUBSIDIARY COMPANIES**

The Company has two operating wholly owned subsidiaries by name Shriram Equipment Finance Company Limited (SEFCL) and Shriram Automall India Limited (SAIL). These subsidiary companies are non-material unlisted subsidiaries of the Company.

Mr. M.S. Verma and Mr.S.Lakshminarayanan, independent directors of the Company, are directors on the Board of Directors of SEFCL and SAIL respectively.

The Audit Committee of the Company regularly reviews the financial statements, in particular, the investments, if any, made by the subsidiary companies. Besides, the minutes of the board meetings of the subsidiaries are placed at the Board meeting of the Company periodically. There are no significant transactions and arrangements entered into by the subsidiary companies during the financial year ended March 31, 2013 requiring it to be brought to the attention of the Board of Directors of the Company.

The disclosures in terms of clause 32 of the Listing Agreement relating to Loans and advances in the nature of loans to subsidiaries are given in the Annual Report of the Company.

**SHRIRAM EQUIPMENT FINANCE COMPANY LIMITED (SEFCL)**

SEFCL is engaged in equipment financing business and was incorporated on December 15, 2009. It has been registered as a Non-Deposit Taking NBFC vide certificate dated October 08, 2010 issued by Reserve Bank of India under Section 45 IA (4) of Reserve Bank of India Act, 1934.

**Board of Directors of SEFCL:**

The composition of the Board of Directors of SEFCL is as follows.

1. Mr. M.S. Verma - Chairman
2. Mr. R. Sridhar
3. Mr. G. S. Sundararajan and,
4. Mr. Amol Jain

**Capital Structure of SEFCL:**

The Capital Structure of SEFCL as on March 31, 2013 is as follows:

(Rs. in lacs)

Particulars	As at 31/03/2013	As at 31/03/2012
<b>Authorised capital</b>		
25,00,00,000 Equity Shares of Rs. 10/- each	2,500,000,000	2,500,000,000
75,00,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	7,500,000,000	7,500,000,000
	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>Issued, Subscribed and Fully Paid up capital</b>		
10,00,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
25,00,000 Compulsorily Convertible Preference Shares of Rs. 100/- each	2,500,000,000	2,500,000,000
	<b>2,600,000,000</b>	<b>2,600,000,000</b>

**SHIRIRAM AUTOMALL INDIA LIMITED (SAIL)**

SAIL is providing facilitation services for disposal of pre-owned used and repossessed/refurbished vehicles, Farm / Agriculture, Construction & Industrial Equipment / Machinery of all types and categories. SAIL has so far opened 21 Automalls at different locations of India.

**Board of Directors of Shriram Automall India Limited**

1. Mr. S. Lakshminarayanan - Chairman
2. Mr. Umesh Revankar
3. Mr. D.V. Ravi and,
4. Mr. Gaurav Trehan

**Capital Structure of SAIL:**

The Capital Structure of SAIL as on March 31, 2013 is as follows:

(Rs. in lacs)

Particulars	As at 31/03/2013	As at 31/03/2012
<b>Authorised capital</b>		
100,00,000 Equity Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>Issued, Subscribed and Fully Paid up capital</b>		
30,00,000 Equity Shares of Rs. 10/- each	300,000,000	300,000,000
	<b>300,000,000</b>	<b>300,000,000</b>

**SHIRIRAM INSURANCE BROKING COMPANY LIMITED (SIBCL)**

SIBCL was incorporated on January 01, 2013 as a wholly owned subsidiary of the company primarily to act as a Direct Broker in General Insurance and Life Insurance Sector. SIBCL is awaiting regulatory approvals for commencement of its operations.

In terms of the Circular No: 2/2011 dated February 08, 2011 of the Ministry of Corporate Affairs, Government of India, the Board of Directors of the Company has by resolution given their consent for not attaching the Annual Reports of the subsidiaries to the Balance Sheet of the Company. The Consolidated financial statements of the Company with that of the subsidiaries duly audited by the Company's statutory auditors are presented elsewhere in the Annual Report. The

consolidated financial statements attached to this Annual Report are prepared in compliance with the applicable Accounting Standards and Listing Agreement.

The annual reports and the annual accounts of the subsidiaries and the related detailed information shall be made available to shareholders of the Company and the subsidiaries seeking such information at any point of time. The annual accounts of the subsidiaries shall also be kept for inspection by any shareholders at the Registered Office of the Company and of the respective subsidiaries. The Company shall furnish hard copy of details of accounts of the subsidiaries to any shareholder on demand.

Further, the annual accounts of the subsidiaries shall be available on the website of the Company viz. [www.stfc.in](http://www.stfc.in) and

shall also be provided to the Shareholders on their written request to the Company.

#### Disclosures

There are no materially significant related party transactions with the Company's promoters, directors, key managerial personnel or their relatives, which may have potential conflict with the interest of the Company at large.

Disclosures on transactions with related parties, as required under the Indian Accounting Standard 18, have been incorporated in the Notes to the Accounts.

There are no instances of non-compliance by the Company, penalties or strictures imposed on the Company by the Stock Exchanges and SEBI, or any statutory authority on any matter related to capital markets during the last three years.

The Company has adopted Code of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing Agreement. All the Board Members and the Senior Management Personnel have affirmed compliance of the Code. The Annual Report of the Company contains a declaration to this effect signed by the Managing Director. Further, the Code of Conduct of the Company applicable to the Board and Senior Management Personnel is also posted on the website of the company.

The Company has adopted the Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

The Company has complied with all the mandatory requirements as stipulated in clause 49 of the Listing Agreement and fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges;

- a. The Company has set up a Remuneration Compensation and Nomination Committee. Please see para on Remuneration Compensation and Nomination Committee for details.
- b. The Company has adopted the Whistle Blower Policy.

#### Capital Audit

As required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 read with SEBI Circular No. D&CC/FITTC/Cir-16/2002 dated 31/12/2002 and SEBI Circular No. CIR/MRD/DP/30/2010, a Qualified Practicing Company Secretary carries out Capital Audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors.

#### CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

Certification by the Managing Director and the Chief Financial Officer is provided else where in the Annual Report.

#### MEANS OF COMMUNICATION

The audited financial results, the quarterly results and half-yearly results of the Company are published in English (The Economic Times) and Tamil newspapers (MakkalKural). They are also available on the company's website: [www.stfc.in](http://www.stfc.in). Press release are also given in the leading newspapers and also posted on company's website.

Pursuant to Clause 52 of the Listing Agreement, the Company has been registered with the Corporate Filing and Dissemination System (CFDS). The Company commenced CFDS by filing unaudited financial results from December 31, 2008 and shareholding pattern and corporate governance report from March 31, 2009 with CFDS. The CFDS has become mandatory w.e.f. April 01, 2010 and Shareholders/ Investors can view the information by visiting the website of CFDS viz. [www.corpfiling.co.in](http://www.corpfiling.co.in)

**34th ANNUAL GENERAL MEETING**

Particulars	As at 31/03/2013
a. Date and Time	July 05, 2013 at 11.00 A.M.
b. Venue	Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai - 600 018
c. Book Closure Date	June 25, 2013 to July 05, 2013 (both days inclusive)
d. Dividend	An Interim Dividend of 30% was declared by the Board of Directors at its meeting held on October 30, 2012 and the payments thereof were effected on November 26, 2012.  The payment of final dividend, upon declaration by the shareholders at the Annual General Meeting, will be made on or after July 09, 2013.
e. Financial Calendar	2013 - 2014
Annual General Meeting	September 2014
Unaudited results for the quarter ending June 30, 2013	Last week of July, 2013
Unaudited results for the quarter/audited results for half - year ending September 30, 2013	Last week of October 2013
Unaudited results for the quarter ending December 31, 2013	Last week of January 2014
Audited results for the year ending March 31, 2014	May 2014
f. Stock Code	
BSE Limited	511218
National Stock Exchange of India Limited	SRTRANSFIN
Demat ISIN in NSDL & CDSL	INE721A01013

The Company has paid the listing fees for the financial year 2013-14 to the above stock exchanges.

The Company's Non-Convertible Debentures (NCDs) offered for subscription to public under the Prospectus dated July 16, 2009, May 06, 2010, June 16, 2011 and July 16, 2012 are listed on NSE and BSE. The ISIN details for these NCDs are as under:

Security Description	ISIN	Codes in Stock Exchanges	Coupon (%) p.a.	Coupon Duration and Interest Payable	Date of Allotment	Maturity Dates	Put and Call option
<b>NCDs- 2009</b>							
Secured NCDs (Option I)	INE721 A07952	BSE - 934785 NSE- N1	11.00% (*)	SEMI-ANNUAL	27/08/2009	<ul style="list-style-type: none"> <li>• 40% of Face value to be redeemed on 26/08/2013</li> <li>• 20% of Face value to be redeemed on 26/08/2014</li> </ul>	NA
Secured NCDs (Option II )	INE721 A07960	BSE - 934786 NSE - N2	11.25% (*)	ANNUAL	27/08/2009	<ul style="list-style-type: none"> <li>• 40% of Face value to be redeemed on 26/08/2013</li> <li>• 20% of Face value to be redeemed on 26/08/2014</li> </ul>	NA
Secured NCDs (Option III)	INE721 A07978	BSE - 934787 NSE - N3	11.03% to be compounded quarterly	CUMULATIVE : QUARTERLY	27/08/2009	26/08/2014	Note : (#)
Secured NCDs (Option IV)	INE721 A07986	BSE - 934788 NSE - N4	11.00%	ANNUAL	27/08/2009	26/08/2014	Note : (#)

Security Description	ISIN	Codes in Stock Exchanges	Coupon (%) p.a.	Coupon Duration and Interest Payable	Date of Allotment	Maturity Dates	Put and Call option
<b>NCDS- 2010</b>							
Secured NCDs (Option I) (Reserved Individuals)	INE721 A07AL7	BSE - 934793 NSE - N6	9.75% (*)	ANNUAL	02/06/2010	01/06/2015	Note: (@)
Secured NCDs (Option I) (Unreserved Individuals)	INE721 A07AK9	BSE - 934794 NSE - N7	9.50%	ANNUAL	02/06/2010	01/06/2015	Note: (@)
Secured NCDs (Option I) (Others)	INE721 A07AJ1	BSE - 934795 NSE - N8	9.00%	ANNUAL	02/06/2010	01/06/2015	Note: (@)
Secured NCDs (Option II) (Reserved Individuals)	INE721 A07AO1	BSE – 934796 NSE - N9	10.25% (*)	SEMI-ANNUAL	02/06/2010	01/06/2017	Note - (\$)
Secured NCDs (Option II) (Unreserved Individuals)	INE721 A07AN3	BSE - 934797 NSE - NA	10.00%	SEMI-ANNUAL	02/06/2010	01/06/2017	Note - (\$)
Secured NCDs (Option II) (Others)	INE721 A07AM5	BSE - 934798 NSE - NB	9.50%	SEMI-ANNUAL	02/06/2010	01/06/2017	Note - (\$)
Secured NCDs (Option III) (Reserved Individuals)	INE721 A07AR4	BSE - 934799 NSE - NC	10.5% (*)	ANNUAL	02/06/2010	<ul style="list-style-type: none"> <li>• 40% of Face value to be redeemed on 01/06/2013</li> <li>• 40% of Face value to be redeemed on 01/06/2014</li> <li>• 20% of Face value to be redeemed on 01/06/2015</li> </ul>	NA
Secured NCDs (Option III) (Unreserved Individuals)	INE721 A07AQ6	BSE - 934800 NSE - ND	10.25%	ANNUAL	02/06/2010	<ul style="list-style-type: none"> <li>• 40% of Face value to be redeemed on 01/06/2013</li> <li>• 40% of Face value to be redeemed on 01/06/2014</li> <li>• 20% of Face value to be redeemed on 01/06/2015</li> </ul>	NA
Secured NCDs (Option III) (Others)	INE721 A07AP8	BSE - 934801 NSE - NE	9.75%	ANNUAL	02/06/2010	<ul style="list-style-type: none"> <li>• 40% of Face value to be redeemed on 01/06/2013</li> <li>• 40% of Face value to be redeemed on 01/06/2014</li> <li>• 20% of Face value to be redeemed on 01/06/2015</li> </ul>	NA

Security Description	ISIN	Codes in Stock Exchanges	Coupon (%) p.a.	Coupon Duration and Interest Payable	Date of Allotment	Maturity Dates	Put and Call option
Unsecured double bond NCDs (Option IV) Reserved Individuals)	INE721 A08984	BSE - 934802 NSE - NF	NA	NA	02/06/2010	100% to be redeemed on 01/12/2016 plus a premium of Rs.1000/-	NA
Unsecured double bond NCDs (Option IV) (Unreserved Individuals)	INE721 A08976	BSE - 934803 NSE - NG	NA	NA	02/06/2010	100% to be redeemed on 01/03/2017 plus a premium of Rs.1000/-	NA
Unsecured double bond NCDs (Option IV) (Others)	INE721 A08968	BSE - 934804 NSE - NH	NA	NA	02/06/2010	100% to be redeemed on 01/06/2017 plus a premium of Rs.1000/-	NA
Unsecured NCDs (Option V) (Reserved Individuals)	INE721 A08AC4	BSE - 934805 NSE - NI	11.00%	ANNUAL	02/06/2010	01/06/2017	NA
Unsecured NCDs (Option V) (Unreserved Individuals)	INE721 A08AB6	BSE - 934806 NSE - NJ	10.75%	ANNUAL	02/06/2010	01/06/2017	NA
Unsecured NCDs (Option V) (Others)	INE721 A08AA8	BSE - 934807 NSE - NK	10.25%	ANNUAL	02/06/2010	01/06/2017	NA

**NCDs- 2011**

Secured NCDs (Option I) (Reserved)	INE721 A07AV6	BSE - 934811 NSE - NL	11.60%	ANNUAL	12/07/2011	11/07/2016	Note - (^)
Secured NCDs (Option I) (Unreserved)	INE721 A07AW4	BSE - 934812 NSE - NM	11.35%	ANNUAL	12/07/2011	11/07/2016	Note - (^)
Secured NCDs (Option I) (Others)	INE721 A07AX2	BSE - 934810 NSE - NN	11.10%	ANNUAL	12/07/2011	11/07/2016	Note - (^)
Secured NCDs (Option II) (Reserved)	INE721 A07AY0	BSE - 934814 NSE - NO	11.35%	ANNUAL	12/07/2011	11/07/2014	NA
Secured NCDs (Option II) (Unreserved)	INE721 A07AZ7	BSE - 934815 NSE - NP	11.10%	ANNUAL	12/07/2011	11/07/2014	NA
Secured NCDs (Option II) (Others)	INE721 A07BA8	BSE - 934813 NSE - NQ	11.00%	ANNUAL	12/07/2011	11/07/2014	NA

Security Description	ISIN	Codes in Stock Exchanges	Coupon (%) p.a.	Coupon Duration and Interest Payable	Date of Allotment	Maturity Dates	Put and Call option
<b>NCDs- 2012</b>							
Secured Redeemable NCDs (Series I)	INE721 A07DL1	BSE - 934850 NSE - NR	(&) 10.25%	ANNUAL	10/08/2012	09/08/2015	N.A.
Secured Redeemable NCDs (Series II)	INE721 A07DM9	BSE - 934851 NSE - NS	(&) 10.50%	ANNUAL	10/08/2012	09/08/2017	N.A.
Secured Redeemable NCDs (Series III)	INE721 A07DN7	BSE - 934852 NSE - NT	NA	NA	10/08/2012	09/08/2015	N.A.
Secured Redeemable NCDs (Series IV)	INE721 A07DO5	BSE - 934853 NSE - NU	NA	NA	10/08/2012	09/08/2017	N.A.

**Note:**

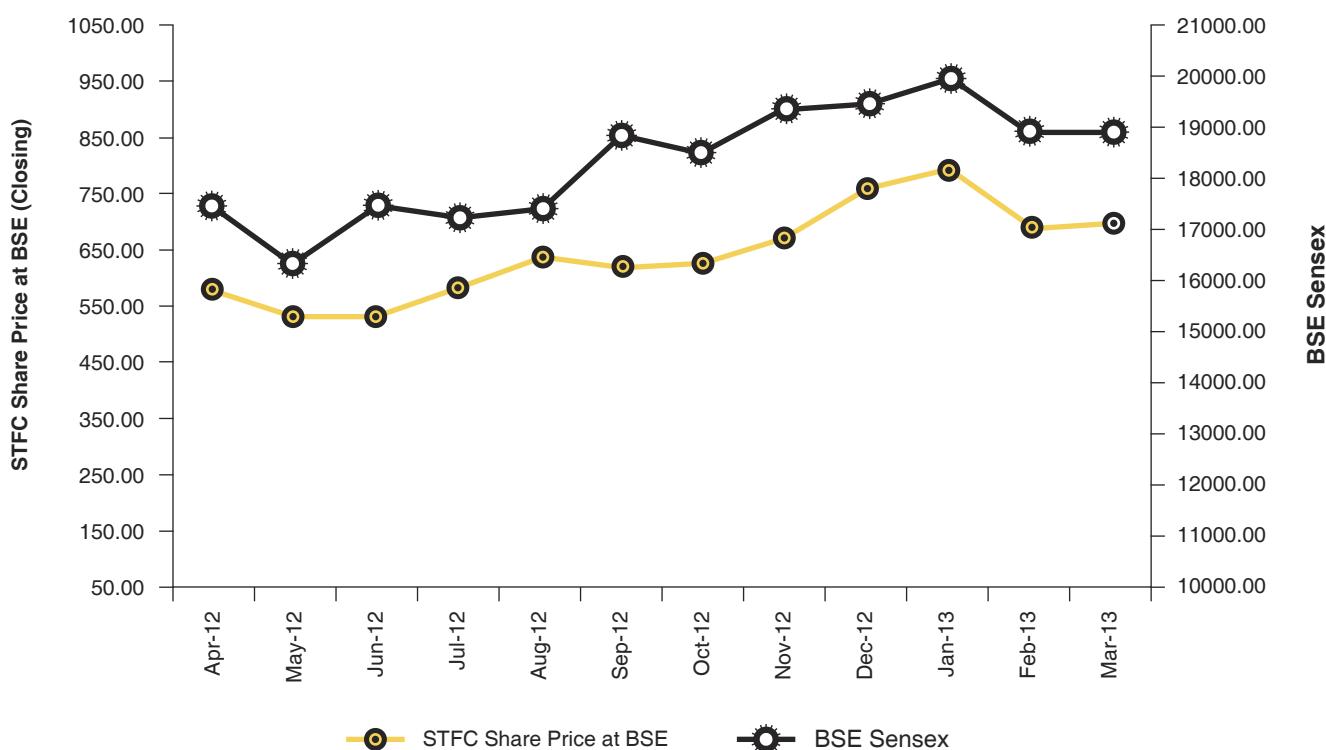
1. (\*) - Senior Citizens (First Allottee) shall be entitled to an additional interest at the rate of 0.25 % per annum.
2. (#) –Exercise of Put / Call option after August 26, 2013
3. (@) –Exercise of Put / Call option from June 02, 2013
4. (\$) - Exercise of Put / Call option from June 02, 2015
5. NA : Not Applicable
6. (^) - Exercise of Put / Call option from July 12, 2015.
7. (&) – NCD Holders who are Individuals shall be eligible for the additional incentive on coupon @ 0.90% per annum for NCDs held on any Record Date.

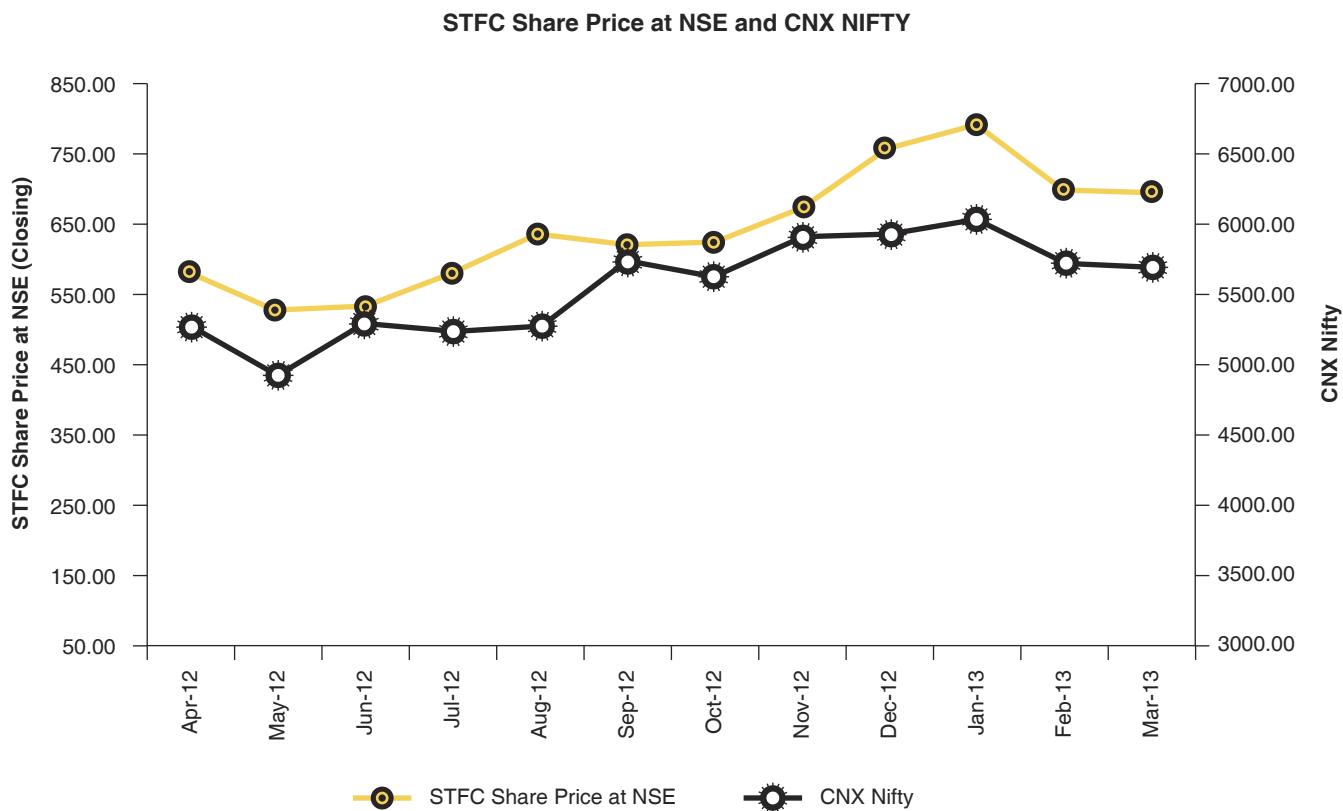
Pursuant to Section 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividends up to financial year – 2004-05 (Final Dividend), 2005-06 (Interim Dividend), have been transferred to the Investor Education and Protection Fund established by the Central Government. No claim shall lie against the said Fund or the Company for the amounts so transferred nor shall any payment to be made in respect of such claim. Members who have not yet encashed their dividend warrant(s) for the financial years from 2005-06 (further interim Dividend) are requested to make their claims without any delay to the Company's Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited.

**GENERAL SHAREHOLDER INFORMATION**
**g. Stock Market Data**

The high and low market price and volume of shares traded during each month of the financial year ended March 31, 2013, are given below :

Months	BSE Limited			National Stock Exchange of India Ltd.		
	Share Prices		Volume	Share Prices		Volume
	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	
April 2012	620.00	571.30	1313619	620.00	504.90	5001612
May 2012	579.80	475.00	1384170	580.30	475.10	6231015
June 2012	536.00	491.35	162513	534.95	495.20	4212208
July 2012	581.65	528.50	272840	631.20	511.55	4641992
August 2012	640.00	557.80	329141	640.75	556.15	4463131
September 2012	644.60	576.85	258137	645.00	596.20	5676026
October 2012	669.00	595.05	594078	669.50	595.00	6957253
November 2012	676.90	602.00	212019	678.00	602.80	7124588
December - 2012	784.90	668.05	980733	784.00	607.55	8565518
January 2013	800.00	726.90	381772	805.05	726.00	5746150
February 2013	798.70	672.35	2986522	799.50	674.25	38938905
March 2013	733.20	661.15	260716	733.50	664.25	6146748

**h. STFC Share Price performance in comparison to BSE Sensex and S&P CNX Nifty:**
**STFC Share Price at BSE and BSE Sensex**




#### i. Registrar and Share Transfer Agents

The Registrar and Share Transfer Agents of the Company are:

##### **Integrated Enterprises (India) Limited**

2nd Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017

Ph: 044 - 2814 0801 - 03 Fax no: 044 – 28142479

Email: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

Website :[www.integratedindia.in](http://www.integratedindia.in)

#### j. Share Transfer System

The authority to approve share transfers has been delegated by the Board of Directors to the Share Transfer Committee. Requests received for transfer of shares are attended to once in a fortnight.

#### k. Distribution of shareholding as on March 31, 2013

No. of Equity shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	33828	81.76	5043439	2.22
501 - 1000	4619	11.16	3435476	1.51
1001 - 2000	1496	3.62	2131421	0.94
2001 - 3000	438	1.06	1084378	0.48
3001 - 4000	162	0.39	573372	0.25
4001 - 5000	149	0.36	678956	0.30
5001 - 10000	217	0.52	1548161	0.68
10001 and above	467	1.13	212368733	93.62
<b>Total</b>	<b>41376</b>	<b>100.00</b>	<b>226863936</b>	<b>100.00</b>

**I. Categories of shareholders as on March 31, 2013**

Category of Shareholders	No. of Shares held	% of shareholding
Promoters and Promoter Group	58502778	25.79
Mutual Funds/ UTI	3017959	1.33
Financial Institutions / Banks	11577	0.00
Foreign Institutional Investors	112176942	49.45
Qualified Foreign Investor	8450000	3.72
Bodies Corporate	27614183	12.17
Individuals	15968823	7.04
NRI'S / OCB's / Foreign National	342415	0.15
Trusts	397582	0.18
Clearing Members	379402	0.17
Limited Liability partnership	2275	0.00
<b>Grand Total</b>	<b>226863936</b>	<b>100.00</b>

**m. Dematerialization of shares and liquidity**

The Company's scrip forms part of the compulsory Demat segment for all investors effective from July 24, 2000. To facilitate the investors in having an easy access to the demat system, the Company has signed up with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through Integrated Enterprises (India) Limited. As on March 31, 2013, the total of 220409621 equity shares constituting 97.15% of the paid up capital, have been dematerialized.

**n. The Company has not issued any GDRs/ADRs, warrants or other instruments which are pending for conversion.**
**o. Address for correspondence & Registered Office:**  
**Registered Office:**

Mookambika Complex, 3rd Floor,  
 No.4, Lady Desika Road, Mylapore,  
 Chennai – 600 004, Tamil Nadu, India.  
 Tel.: 91-44-24990356, Fax: 91-44-24993272

**Head Office:**

Wockhardt Towers, Level-3,  
 West Wing, C-2, G-Block, Bandra-Kurla Complex,  
 Bandra - (East), Mumbai - 400 051.  
 Phone: 91-22 - 40959595,  
 Fax: 91-22 - 40959596/97, Website: [www.stfc.in](http://www.stfc.in)

**Email ID for Investor Grievance:**

The following email ID has been designated for communicating investors' grievances.[secretarial@stfc.in](mailto:secretarial@stfc.in)

**p. Locations**

List of locations are mentioned in the "Our Reach" Section of this Annual Report.

**DETAILS PURSUANT TO CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING REAPPOINTMENT**
**MR. S. LAKSHMINARAYANAN**

Mr. Lakshminarayanan Subramanian is a non-executive Director on our Board. He holds master's degree in Science in Chemistry and post graduate diploma from University of Manchester (U.K.) in Advanced Social & Economic Studies. Mr. Lakshminarayanan was a member of the Indian Administrative Service (IAS-retired) and as such held several senior positions in the Ministry of Home Affairs, Ministry of Communications and Information Technology, Ministry of Information and Broadcasting of the Government of India and in the Department of Tourism, Culture and Public Relations, Department of Mines, Mineral Resources, Revenue and Relief and Rehabilitation of the Government of Madhya Pradesh. He also holds directorship in Shriram Life Insurance Company Limited, Shriram Automall India Limited, Biopure Healthcare Pvt. Limited and Elcom Systems Pvt. Limited

**MR. R. SRIDHAR**

Mr.R. Sridhar has been appointed as the Managing Director & CEO of Shriram Capital Limited, the holding company of financial services companies of the Shriram group, with effect from April 01, 2012.

Mr. Sridhar has been associated with the Shriram Group since 1985. He was appointed as the Managing Director of Shriram Transport Finance Company Limited (STFC) for the first time in the year 2000 and was re-appointed in the year 2005. He has over twenty five years of experience in the financial services sector, especially in commercial vehicle financing.

Under his leadership STFC grew in leaps and bounds and has become the largest asset financing NBFC in India. During his tenure as the MD of STFC, the market capitalization, which was Rs. 20 Crs peaked to Rs. 20,000 Crs and its assets under management soared from Rs. 5,000 Crs to over Rs. 40,000 Crs.

Mr. Sridhar holds a bachelor's degree in Science and is a fellow member of the Institute of Chartered Accountants of India.

Mr. Sridhar is Non-Executive Director on the Board of the following Companies:-

Shriram Transport Finance Co. Ltd., Shriram Life Insurance Co. Ltd., Shriram Chits (Maharashtra) Ltd., Shriram Equipment Finance Company Ltd.,

Mr. Sridhar is also General Secretary of the Western India Hire Purchase Association, Vice President of the Federation of Indian Hire Purchase Association (FIHPA), Chairman of Finance Industry Development Council (FIDC), a self-regulatory organization for NBFC-AFCs.

Mr. Sridhar is member of the Corporate Bond and Securitisation Advisory Committee constituted by Securities and Exchange Board of India (SEBI), Advisory Group on NBFCs constituted by Ministry of Finance, Govt. of India.

Mr. Sridhar is the recipient of Ernst & Young's "Entrepreneur of the year – Manager" Award 2011 and "Business Achiever" Award from Institute of Chartered Accountants of India (ICAI) for the year 2010-2011.

**MR. AMITABH CHAUDHRY**

Mr. Amitabh Chaudhry holds MBA degree from IIM, Ahmedabad and B. Tech (Electrical & Electronics) from BIT, Pilani. Mr. Chaudhry has over 23 years' of experience in different capacities with leading Indian Financial Services Group, Technologies Service Company and International Banks. Mr. Chaudhry is the Managing Director and CEO of HDFC Standard Life Insurance Company Limited. He also holds directorship in HDFC Pension Management Co. Ltd., Manipal Global Education Services Private Limited and Manipal Education Americas, LLC as Manager.

**MRS. KISHORI UDESHI**

Mrs. Kishori Udeshi holds M.A. degree in Economics from Bombay University. She held senior positions in Reserve Bank of India (RBI) including as Deputy Governor (first woman Deputy Governor to be appointed by RBI), Executive Director etc. During her career with RBI, she handled important portfolios including regulation and supervision of banking and non-banking sector. As Deputy Governor, she was on the Boards of SEBI, NABARD, Exim Bank. She also holds directorship in Security Printing & Minting Corp. of India Ltd. (RBI Nominee Director), ION Exchange (India) Ltd., HALDYN Glass Ltd., Thomas Cook (India) Ltd. and HSBC Asset Management (India) Pvt. Ltd.

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT  
IN THE FORTHCOMING ANNUAL GENERAL MEETING  
(in pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Mr. S. Lakshminarayanan	Mr. R. Sridhar
Date of Birth	10/07/1946	17/06/1958
Date of Appointment	22/09/2009	08/05/2012
Expertise in specific functional areas	Details furnished elsewhere in this report	Details furnished elsewhere in this report
Qualifications	Master's degree in Science in Chemistry and post graduate diploma from University of Manchester (U.K.) in Advanced Social & Economic Studies.	Fellow member of the Institute of Chartered Accountants of India (ICAI)
Directorship held in other public companies (excluding foreign companies) in this report (for all 4 Directors) expertise in specific heading	a) Shriram Life Insurance Company Limited b) Shriram Automall India Limited c) Biopure Healthcare Pvt. Limited d) Elcom Systems Pvt. Limited	a) Shriram Chits (Maharashtra) Limited b) Ashley Transport Services Limited c) Shriram Capital Limited d) Shriram Equipment Finance Company Limited e) Shriram Life Insurance Company Limited f) Finance Industry Development Council
Membership/Chairmanship of Committees of other public companies (includes only Audit Committees and Shareholders'/ Investors' Grievance Committee)		<b>Audit Committee Member</b> Shriram Equipment Finance Company Limited
Shareholdings in the Company	Nil	Nil

Name of Director	Mr. Amitabh Chaudhry	Mrs. Kishori Udeshi
Date of Birth	02/07/1964	13/10/1943
Date of Appointment	30/10/2012	30/10/2012
Expertise in specific functional areas	Details furnished elsewhere in this report	Details furnished elsewhere in this report
Qualifications	MBA degree from IIM, Ahmedabad and B. Tech (Electrical & Electronics) from BIT, Pilani	M.A degree in Economics from Bombay University
Directorship held in other public companies (excluding foreign companies)	a. HDFC Standard Life Insurance Company Limited b. HDFC Pension Management Company Ltd. c. Manipal Global Education Services Private Limited d. Manipal Education Americas LLC.	a. Security Printing & Minting Corp. of India Ltd. (SPMCIL) b. ION Exchange (India) Ltd. c. HALDYN Glass Ltd. d. Thomas Cook (India) Ltd. e. HSBC Asset Management (India) Pvt. Ltd.
Membership/Chairmanship of Committees of other public companies (includes only Audit Committees and Shareholders'/ Investors' Grievance Committee)		<b>Audit Committee Member</b> HALDYN Glass Ltd. <b>Audit Committee Chairman</b> Security Printing & Minting Corp. of India Ltd. (SPMCIL)
Shareholdings in the Company	Nil	Nil

**CEO/CFO CERTIFICATION**

We, to the best of our knowledge and belief, certify that-

- a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2013 and that to the best of our knowledge and belief;
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that;
  - i. There were no material deficiencies in internal controls over financial reporting during the year;
  - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statement; and
  - iii. There were no instances of significant fraud of which we are become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**UMESH REVANKAR**

Managing Director

**PARAG SHARMA**
*Executive Director & CFO*

Mumbai

May 07, 2013

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

The Board of Directors of Shriram Transport Finance Company Limited at its Meeting held on January 29, 2005 adopted Code of Conduct as amended on October 27, 2010 to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2013.

**UMESH REVANKAR**

Managing Director

Mumbai

May 07, 2013

**CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of **Shriram Transport Finance Company Limited**,

We S.R.Batliboi& Co. LLP ("SRB") and G.D.Apte& Co. ("GDA") have jointly examined the compliance of conditions of Corporate Governance by Shriram Transport Finance Company Limited ('the Company'), for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.R. Batliboi & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

*Partner*

Membership Number: 048749

Place of Signature: Mumbai

May 07, 2013

**For G. D. Apte & Co.**

*Chartered Accountants*

ICAI Firm Registration Number: 100515W

**C.M. Dixit**

*Partner*

Membership Number: 017532

## SECTION A

---

GENERAL INFORMATION ABOUT THE COMPANY	46
---------------------------------------	----

## SECTION B

---

FINANCIAL DETAILS OF THE COMPANY	46
----------------------------------	----

## SECTION C

---

OTHER DETAILS	47
---------------	----

## SECTION D

---

BUSINESS RESPONSIBILITY INFORMATION	47
-------------------------------------	----

## SECTION E

---

ETHICS OF THE COMPANY	49
-----------------------	----

CONTRIBUTION TO SUSTAINABILITY	50
--------------------------------	----

EMPLOYEES WELL-BEING	50
----------------------	----

STAKEHOLDERS ENGAGEMENT	51
-------------------------	----

HUMAN RIGHTS	52
--------------	----

ENVIRONMENT	52
-------------	----

INFLUENCING PUBLIC & REGULATORY POLICIES	52
------------------------------------------	----

INCLUSIVE GROWTH	53
------------------	----

VALUE OF CUSTOMERS	54
--------------------	----

BUSINESS RESPONSIBILITY PARAMETER INDEX	54
-----------------------------------------	----

## SECTION A

### GENERAL INFORMATION

1. Corporate Identification Number: L65191TN1979PLC007874
2. Name of the Company: Shriram Transport Finance Company Limited ("the Company")
3. Registered Office: Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu – 600004.  
Tel No: +91 44 2499 0356 Fax: +91 44 2499 3272
4. Website: [www.stfc.in](http://www.stfc.in)
5. Email-id: vivekmadhukar.a@stfc.in
6. Financial Year reported: 2012-13
7. Sector(s) that the Company is engaged in (industrial activity code-wise): Our Company holds a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the Reserve Bank of India to carry on the activities of a Non-Banking Financial Company in the category of asset financing company under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007, (bearing registration no. 07-00459).
8. List three key products/services that the Company manufactures/provides (as in balance sheet): 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. We are the largest Indian asset financing Non-Banking Finance Company (NBFC), with a primary focus on financing pre-owned commercial vehicles.
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations - Nil
  - ii. Number of National Locations - 539 Branches
10. Markets served by the Company: The Company is a leader in organized financing of pre-owned trucks with presence across India.

## SECTION B

### FINANCIAL DETAILS OF THE COMPANY

(Rs. In lakhs)

Sr. No	Particulars	Amount
1.	Paid up Capital	22,688.79
2.	Total Turnover	656,358.99
3.	Total profit after taxes	136,062.01
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.41%

#### 5. List of Activities in which expenditure in above point 4 has been incurred :

1. Providing Education to the backward/weaker section of the society and enhancing literacy
2. Empowerment of common man ("Aam Aadmi") and women
3. Providing Vocational training for income generation and enhancing employability of marginalized/unprivileged people of the society
4. Undertaking projects for protection of environment such as tree plantation, water conservation etc.
5. Nutrition, Health care and sanitation programmes

## SECTION C

### OTHER DETAILS

**Our Company has the following three subsidiaries:**

**1. Shriram Equipment Finance Company Limited, ("SEFCL"):**

SEFCL was incorporated pursuant to a certificate of incorporation dated December 15, 2009 issued by the Registrar of Companies, Chennai, Tamil Nadu, and having its registered office situated at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu, India - 600004. SEFCL is engaged in the business of providing equipment finance in connection with both new and pre-owned construction and other equipment. SEFCL has received a certificate of registration dated October 8, 2010, to carry on the business of a NBFC (without accepting public deposits) from the Reserve Bank of India.

**2. Shriram Automall India Limited, ("SAIL"):**

SAIL was incorporated pursuant to a certificate of incorporation dated February 11, 2010 issued by the Registrar of Companies, Chennai, Tamil Nadu and having its registered office situated at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu, India – 600004. SAIL is engaged in for providing facilitation services to the sellers and buyers who wish to dispose of / buy pre-owned commercial vehicles, equipment and assets at hubs called "Automall" developed by SAIL.

**3. Shriram Insurance Broking Company Limited, ("SIBCL")**

SIBCL was incorporated pursuant to a certificate of incorporation dated January 01, 2013 issued by the Registrar of Companies, Chennai, Tamil Nadu and having its registered office situated at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu, India – 600004. SIBCL will foray into the business of providing insurance broking services as Direct broker.

Our subsidiary companies participate in the Business Responsibility (BR) initiatives of STFC.

## SECTION D

### BUSINESS RESPONSIBILITY INFORMATION

**1. Details of Director/Directors responsible for BR**

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

Sr.No	Name	Designation	DIN Number
1.	Mr. Umesh Revankar	Managing Director	00141189

b. Details of the BR head

Sr.No	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Vinay Kelkar
3	Designation	Deputy Managing Director
4	Telephone number	91-022-4095 9595
5	e-mail id	secreterial@stfc.in

## SECTION D (Contd.)

### BUSINESS RESPONSIBILITY INFORMATION

#### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr.No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N	Y	N	N	Y	N	N	N
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	#	#	#	#	#	#	#	#	#
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

# The Link of the Policy is <http://stfc.in/pdf/Business-Responsibility-Policy.pdf>

## SECTION D (Contd.)

### BUSINESS RESPONSIBILITY INFORMATION

a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr.No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	---	---	---	---	---	---	---	---	---
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	---	---	---	---	---	---	---	---	---
3	The company does not have financial or manpower resources available for the task	---	---	---	---	---	---	---	---	---
4	It is planned to be done within next 6 months	---	---	---	---	---	---	---	---	---
5	It is planned to be done within the next 1 year	---	---	---	---	---	---	---	---	---
6	Any other reason (please specify)	---	---	---	---	---	---	---	---	---

#### Governance related to BR

- The Company assess its BR performance once in a year. The same is reviewed by the Business Responsibility Committee.
- The Company will publish the Business Responsibility (BR) Report annually as per the requirements of the Listing Agreement entered into with Stock Exchanges. The hyperlink for viewing this is <http://stfc.in/pdf/Business-Responsibility-Policy.pdf>

## SECTION E

### PRINCIPLE-WISE PERFORMANCE

#### ETHICS OF THE COMPANY

**PRINCIPLE 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability:**

We have developed good governance structure for our organization and formulated procedures and practices that ensure ethical conduct at all levels of the organization. These are also followed by our subsidiary companies. We maintain transparency in our communication with our shareholders.

**(i) Code of Conduct for Directors, Senior Management Personnel and employees**

We have formulated code of conduct at all levels of the organization. The compliance with the code of conduct is regularly reported and monitored. We also have proper system of reporting of legal compliances.

**(ii) Strong Corporate Governance**

The Company's philosophy on Corporate Governance, inter alia, is aimed at enhancing long term shareholder value, achieving transparency and professionalism in all decisions and activities of the Company.

### SECTION E (Contd.)

We have deployed the practice of separating the roles of the Chairman of the Board and the CEO to ensure the right focus to governance. The Board is headed by a non-executive Chairman. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of directors of our Company.

We have a distinct advantage that most of our senior management team have been with us for more than fifteen years and have grown with the Company. Over the years they have mastered the techniques in all fields of business operations, investor relations, and customer relations and have helped the Company to launch innovative financial products and fund raising methods. This has resulted in our enjoying the investors' customers' and other stakeholders' faith, trust and confidence into management of the Company building long term relationships, reputation and goodwill of the Company.

Apart from compliance with mandatory requirements of clause 49 of the Listing Agreement with stock exchanges relating to corporate governance, we have also complied with non-mandatory requirement by setting up a Remuneration, Compensation and Nomination Committee and adoption of Whistle blower policy.

We do not engage in any practice that is abusive, corrupt or anti-competition. We have avoided complicity with actions of third party that violates Business Responsibility Principles.

### CONTRIBUTION TO SUSTAINABILITY

#### **PRINCIPLE 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

The Company engaged in the business of financing of commercial vehicles, primarily to Small Road Transport Operators (SRTOs) who generally belong to the weaker sections of the society. We thereby promote self-employment and self-respect to SRTOs who are often denied financial support by organized lending institutions and who otherwise would be subjected to exploitation from unorganized money lenders. Before financing of pre-owned vehicles, we check necessary authorization and certificates for emission, safety and fitness of the vehicle.

We provide financial support to Driver's training schools run in collaboration with an NGO which trains youths from rural areas for proper and safe driving of commercial vehicles.

### EMPLOYEES WELL-BEING

#### **PRINCIPLE 3 : Business should promote wellbeing of employees**

We believe that our 'employees' are our most valuable asset and greatest strength of the Company. The Company provides equal opportunity to all employees starting from their recruitment irrespective of their caste, creed, gender, race, religion, language, disability or sexual orientation. The employees of the Company can belong to all parts of the country and are selected based on individual merit without any discrimination or preference. Many qualified and competent female employees have reached higher positions in the organization and participate in the decision making process.

In order to attract and retain good talent, ensure commitment and loyalty through ownership and financial motivation, the Company had launched Employees Stock Options Scheme (ESOP). The Company has also formulated schemes and policies to address health, superannuation issues and welfare needs of our employees and their families. The Company has schemes to reward best performers by payment of incentives. The permanent employees are entitled to retirement benefits such as provident fund, gratuity. The Company also provides for medical reimbursement, hospitalization, personal accident insurance benefits to permanent employees.

#### **Listening to the "Voice of our Talent"**

We foster a culture that welcomes ideas and feedback, and encourages open communication .We arranged cricket tournament on March 09, 2013 at Belapur, Navi Mumbai for men as well as women employees and rewarded the best performers.

## SECTION E (Contd.)

### STAKEHOLDERS ENGAGEMENT

#### **PRINCIPLE 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

Our stakeholders broadly consist of our customers, investors, market intermediaries, lenders, employees, society etc. Our customers are primarily Small Road Transport Operators (SRTO) and First Time Users (FTUs). Our Investors comprise of shareholders (including Institutional Investors) and Debenture holders. Our lenders comprise of banks, financial institutions, Fixed Deposit holders.

As an asset finance company, our liquidity and ongoing profitability are, in large part, dependent upon our timely raising of capital and the costs associated therewith. Our funding requirements historically have been met from a combination of term loans from banks and financial institutions, issuance of Redeemable Non-Convertible Debentures, public deposits, the issue of subordinated bonds and commercial paper, as well as through securitization and assignment of our loan portfolio. Our business depends and will continue to depend on our ability to access diversified funding sources.

We have a track record of getting overwhelming response from investors to our past four Public Issue of Redeemable Non-Convertible Debentures, which were over-subscribed in a short span despite tough macro-economic and market conditions. This reflects the confidence reposed on us by our investors.

Our operational efficiency, integrity and a strong focus on catering to the needs of 'Aam Aadmi' (common man) are the values driving the Company. These values are deep-rooted within the organization and have been strongly adhered to over the decades. It is this guiding philosophy of putting 'Aam Aadmi' first that has brought the company closer to the grassroots, and made it the preferred choice for all the truck financing requirements amongst customers.

#### **1. Our Customers**

Our primary business involves lending money to commercial vehicle owners and operators in India. Our customer portfolio principally consists of Small Road Transport Operators (SRTO's) and First Time Users (FTUs). A significant majority of our customer base belongs to the low income group often not having any credit history supported by documents on which many of organized financial institutions rely. However, through our credit evaluation techniques, internally-developed valuation methodology which requires deep knowledge and practical experience developed over a period of time, relationship based approach and extensive branch network, we have made our business model unique and sustainable.

We have in place Fair Practice Code for dealing with our customers. Our policy is to treat all customers in fair manner, our employees are trained to provide, assist, encourage, fair and equitable services to the customers.

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 which is reflected by our high loan recovery ratios compared to others in the financial services industry. We believe that this knowledge and relationship based recovery procedure is difficult to replicate in the short to medium term and this provides us with a competitive advantage.

#### **2. Our Investors**

Our philosophy is to enhance long term shareholder value by assisting the top management in taking sound business decisions and prudent financial management. We have track record of payment of Interim and Final dividend for past several years consistently.

Our good track record has enabled us to obtain high credit ratings from the reputed Credit Rating Institutions. This enables smooth raising of funds from investors of debt securities. We make timely interest payment and repayment of debt instrument on their maturity.

We have appointed a senior executive at Vice President's level to focus on our Institutional investors. We regularly hold Investors meets and give presentation on financial results of the Company after same are made public. 49.45% of the company's investors are FIIs.

### SECTION E (Contd.)

#### 3. Our Deposit holders and lenders

We service our Fixed Deposit holders on time and offer good rate of returns. We are regular in payment of interest and repayment of credit facilities availed from Banks and Financial Institutions. In view of our good track record of timely payment of interest and repayment of loans, we enjoy good reputation, goodwill and standing in the financial markets.

#### 4. Our Society

We discharge our Corporate Social Responsibility by undertaking projects of social welfare directly as well as through Shriram Foundation. The details of various projects run in this direction are contained in the note for Principle 8 of our Business Responsibility Report.

#### HUMAN RIGHTS

##### **PRINCIPLE 5: Businesses should respect and promote human rights**

As a good corporate citizen we respect the human rights of those whom we engage with. We pay fair wages to our employees and do not discriminate between male and female employees. They are treated equally with dignity and are given equal opportunities, rights and benefits. We comply and adhere to all the human rights laws and guidelines of the Constitution of India, national laws. We strive to percolate these values at all levels in the organization.

#### ENVIRONMENT

##### **PRINCIPLE 6 : Business should respect, protect and make efforts to restore the environment**

As a responsible corporate, we have created awareness for environment protection through providing training to our employees for conservation of energy, avoiding wastage of water, office stationery etc.

##### Green initiative - paperless office

As a part of Green initiative for paperless office, we use electronic methods of communication within and outside our offices and avoid use of paper as far as possible. We encourage shareholders to hold shares in dematerialized mode. In the Annual Report, we request shareholders to give their email ids, for dispatch of soft copy of the Annual Reports, notices of general meetings etc.

For payment of Interest, dividend, maturity amount of debentures and fixed deposits etc. as far as possible we use methods of electronic remittances such as NECS, NEFT, RTGS which also ensures faster credit of money to the bank accounts of the investors, avoid use of paper for dividend warrants, interest warrants, cheques.

Our objective is to achieve highest level of paperless office by adopting practices, methods and modern techniques in our internal and external communication with all stakeholders.

##### Conservation of water

We do various activities and support rainwater harvesting in rural areas with the help of Shriram Foundation.

#### **INFLUENCING PUBLIC & REGULATORY POLICIES**

##### **PRINCIPLE 7 : Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

Our Company is engaged in the truck financing business for more than three decades. We are one of the oldest and the largest Indian asset financing Non-Banking Financial Company(NBFC)with a primary focus on financing pre-owned commercial vehicles. Consequently, we are expected to take up the issues and matters impacting the industry to the appropriate regulatory/government authorities.

We give, directly and/or through chambers of commerce, associations, and NGOs our feedback, suggestions on the proposals for change in the regulatory framework, matters impacting NBFCs. The suggestions are made in a responsible manner and in the best interest of the commercial vehicle financing segment of the Industry, Small Road Transport Operators etc.

The Company is member of several industry associations such as Finance Industry Development Council (FIDC), Confederation of Indian Industries (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI).

### SECTION E (Contd.)

#### INCLUSIVE GROWTH

##### **PRINCIPLE 8: Business should support inclusive growth and equitable development**

The principle of inclusive growth is imbued in our business model. A significant majority of our customer base belong to Small Road Transport Operators (SRTO's) and First Time Users (FTUs) who often don't have any credit history supported by documents on which many of organized financial institutions rely making it difficult for them to access capital. We provide finance to these pre-owned commercial vehicle operators at favorable interest rates and repayment terms as compared to private financiers in the unorganized sector.

We have entered into partnership with an NGO for establishing driver training schools for youths from rural area enabling them to find gainful employment. We have plans to start two more such training schools in the backward areas of our country, subject to receipt of necessary recognition from the state governments of the respective states for grant of driving license.

We are proud to be a part of 'Shriram Group', which has helped enrich the quality of life of "the common man." Shriram Foundation was established in 1993 as the charitable arm of The Shriram Group to work for the financially underprivileged sections. As a part of our Corporate Social Responsibility (CSR), we provide financial support to various projects and activities for welfare of society directly as well as those undertaken by Shriram Foundation as under:

#### **Project 'GURUKUL'**

We have started a project named "Gurukul", a training school for truck driving in collaboration with "Pan IIT Alumni – Reach for India", a Non-Government Organization (NGO). We have entered into a Memorandum of Understanding with a reputed large fleet owner to absorb drivers trained at Gurukul. As the Transportation sector is facing acute shortage of drivers, we have involved Transport Associations in this project. The program involves 45 days residential training to rural candidates who have passed 8th standard. So far 140 candidates were trained in Gurukul and more than 100 drivers had been absorbed by the fleet owner.

We also provide financial support to various CSR project undertaken by Shriram Foundation independently or in partnerships with NGOs in the following fields:

#### **Education**

Being aware of the fact that education is the key to the prosperity of any nation, Shriram Foundation runs schools in rural and semi-rural areas of Tamil Nadu and Andhra Pradesh. These schools serve children from underprivileged families living in remote areas.

'Micro school' is another program to teach children aged between 3 and 6 years. These schools provide pre-school education to children based on Montessori methodology. Like other schools run by Shriram Foundation, micro schools are located in rural areas where residents do not have access to good schools.

Higher education through community college is another significant program of Shriram Foundation. Shriram-IGNOU Community Colleges are being run in Thiruneermalai and Anaikoil regions of Tamil Nadu to offer Certificate, Diploma and Associate Degree program in job-oriented skill based courses.

'Give Life' Sponsorship program for children studying in Government aided schools is another initiative of Shriram Foundation in collaboration with a few other corporate houses. The program provides aid package in the form of school uniform, nutritious food, books, stationery, tuition fees and coaching facility to enable enrollment and increase school attendance

#### **Empowerment**

Shriram Children's Home has been run by Shriram Foundation for the past 19 years. The Shriram Children's Home is recognized under the Orphanages and Charitable Homes Act, 1960 and has been awarded 'FIT INSTITUTION' certification by the Child Welfare Committee of Chennai District. The children at the home are well nurtured and cared for to ensure a normal childhood. The plan for this unit is to function as a hostel for older girls continuing education, as we have successfully rehabilitated all the small children with assistance and extended family care.

## SECTION E (Contd.)

'Shriram Vocational Training centre instructs rural women on skill areas such as tailoring, embroidery, pickle making, handicrafts etc. Primary focus of this initiative is women empowerment as these courses help women find employment with companies or setup their own small enterprises. The center takes on projects under the Women Welfare and Development scheme from the Government of Tamil Nadu. The center has trained over 500 women over the last 2 years. The center has brought in 26 machines to train more women and students on tailoring and other textile related areas.

### VALUE OF CUSTOMERS

#### **PRINCIPLE 9 : Business should engage with and provide value to their customers and consumers in a responsible manner**

We are happy to report that many of our customers, who initially belong to low income group, and approached us for financing a tempo have made progress and advancement to now become owners of truck. The owners of truck have advanced to become owner of multiple commercial vehicles.

Apart from providing loans, we help our customers with the following:

- Settlement of Insurance claims
- Renewal of insurance policy
- Obtaining of permits from RTOs
- Tie-up with Axis Bank to provide co-branded credit cards
- Tie-up with service centers for refurbishing vehicles

We regularly review our procedures, practices and methods of communication with our customers to ensure that they are simple and customer friendly. Towards this end we have focused on upgrading our methods of communication. We are now communicating with customers through mobiles to inform them about sanction of loans, receipt of EMI, outstanding EMI, loan balance confirmations etc making information more easily accessible. We believe customer satisfaction is the key to our growth and success in the long term.

### BUSINESS RESPONSIBILITY PARAMETER INDEX

#### Principle-wise performance

Sr.No	Questions	Whether Complied?
<b>Principle 1</b>		
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	Yes, It extends only to the subsidiary Companies. The policy has been posted on the website of the Company
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No complaints were received regarding ethical and other matters contained in this principle
<b>Principle 2</b>		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.	The Company is not engaged in manufacture of any goods. It is engaged in the business of financing of commercial vehicles, primarily to Small Road Transport Operators (SRTO's).

## SECTION E (Contd.)

### BUSINESS RESPONSIBILITY PARAMETER INDEX (Contd.)

Sr.No	Questions	Whether Complied?
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): <ol style="list-style-type: none"> <li>Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</li> <li>Reduction during usage by consumers (energy, water) has been achieved since the previous year?</li> </ol>	Not Applicable
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? <ol style="list-style-type: none"> <li>If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</li> </ol>	Not Applicable
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company provides services relating to vehicle financing through its branches. As a matter of practice, we give preference for recruitment of local people in our branches
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so	Not Applicable

### Principle 3

1.	Please indicate the Total number of employees.	16,178
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	NIL
3.	Please indicate the Number of permanent women employees.	924
4.	Please indicate the Number of permanent employees with disabilities	10
5.	Do you have an employee association that is recognized by management	No
6.	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable

## SECTION E (Contd.)

### BUSINESS RESPONSIBILITY PARAMETER INDEX (Contd.)

Sr.No	Questions	Whether Complied?
7.	<p>Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.</p> <p>Child labour/forced labour/involuntary labour Sexual harassment Discriminatory employment</p>	NIL
8.	<p>What percentage of your under mentioned employees were given safety &amp; skill up-gradation training in the last year?</p> <ul style="list-style-type: none"> <li>• Permanent Employees</li> <li>• Permanent Women Employees</li> <li>• Casual/Temporary/Contractual Employees</li> <li>• Employees with Disabilities</li> </ul>	Yes, 40% of employees were given safety & skill training programmes in the last year.

#### Principle 4

1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Yes, Please refer to the Principle 4 of the Report

#### Principle 5

1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	Yes, The policy also extends to our subsidiaries.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints were received for human rights violation during the reporting period

#### Principle 6

1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	The policy extends to Company as well as subsidiaries
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has taken the green initiative through paperless office, water conservation etc.

## SECTION E (Contd.)

### BUSINESS RESPONSIBILITY PARAMETER INDEX (Contd.)

Sr.No	Questions	Whether Complied?
3.	Does the company identify and assess potential environmental risks? Y/N	No
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc	No
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	The Company is not engaged in manufacture of any goods. It is engaged in the business of financing of commercial vehicles, primarily to Small Road Transport Operators (SRTOs).
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

### Principle 7

1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes. The company is a member of Finance Industry Development Council (FIDC), Confederation of Indian Industries (CII) and Federation of Indian Chambers of Commerce and Industry (FICCI)and various other state/ city level associations.
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes Governance & Administration

## SECTION E (Contd.)

### BUSINESS RESPONSIBILITY PARAMETER INDEX (Contd.)

Sr.No	Questions	Whether Complied?
<b>Principle 8</b>		
1.	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, Please refer to the Principle 8 of the Report
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	Yes, the projects are undertaken though coordination and collaboration between in-house team, Shriram Foundation & NGOs.
3.	Have you done any impact assessment of your initiative?	No
4.	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Yes, Please refer to the Section B of the Report
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	Yes, We actively encourage participation of stakeholders in various programs. This includes both volunteering and proactive participation.
<b>Principle 9</b>		
1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	No complaints are pending as on the end of financial year.
	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	Not Applicable
2.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
3.	Did your company carry out any consumer survey/consumer satisfaction trends?	No



## FINANCIAL SECTIONS

## **Contents**

### **STANDALONE FINANCIAL SECTION**

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>61</b>
<b>BALANCE SHEET</b>	<b>64</b>
<b>STATEMENT OF PROFIT &amp; LOSS</b>	<b>65</b>
<b>CASH FLOW STATEMENT</b>	<b>66</b>
<b>NOTES</b>	<b>68</b>

---

To,

The Members of

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

**Report on the Financial Statements**

We have jointly audited the accompanying financial statements of Shriram Transport Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP  
*Chartered Accountants*  
 ICAI Firm Registration Number: 301003E

per Viren H. Mehta  
*Partner*  
 Membership Number: 048749  
 Place of Signature: Mumbai  
 Date: May 07, 2013

For G. D. Apte & Co.  
*Chartered Accountants*  
 ICAI Firm Registration Number: 100515W

C.M.Dixit  
*Partner*  
 Membership Number: 017532

# ANNEXURE

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

**RE: SHIRRAM TRANSPORT FINANCE COMPANY  
LIMITED ('THE COMPANY')**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company
- (iii) (a) The Company has granted loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 300.98 lacs and the year-end balance of loans granted to such parties was Rs. 136.29 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not *prima facie* prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in

the internal control system of the Company in respect of these areas.

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, investor education and protection fund, income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to sales-tax, wealth-tax, customs duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, investor education and protection fund, income-tax, service tax, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, wealth-tax, customs duty and excise duty are not applicable to the Company.

# ANNEXURE

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE (Contd.)

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	22,352.68	A.Y. 2010-11	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	14,773.77	A.Y. 2008-09	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	9,562.97	A.Y. 2007-08	CIT (Appeals)
Finance Act, 1994 (Service Tax)	Service tax on hire purchase and lease transactions	8,406.10	2003-04 to 2009-10	Commissioner of Service Tax
Finance Act, 1994 (Service Tax)	Service Tax demands	315.00	2003-04 & 2004-05	Commissioner of Central Excise and Customs
Andhra Pradesh Value Added Tax	Value Added Tax	348.41	2004-05 to 2008-09	Andhra Pradesh High Court.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company

were applied by the Company during the year for the purposes for which the loans were obtained other than funds temporarily invested pending utilization of the funds for the intended use..

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 43,217 and 23,110,593 secured non convertible debentures of Rs. 10,00,000 and Rs. 1,000 each respectively. The Company has created security or charge in respect of debentures issued.
- (xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP  
*Chartered Accountants*  
 ICAI Firm Registration Number: 301003E

per Viren H. Mehta  
*Partner*  
 Membership Number: 048749  
 Place of Signature: Mumbai  
 Date: May 07, 2013

For G. D. Apte & Co.  
*Chartered Accountants*  
 ICAI Firm Registration Number: 100515W

C.M.Dixit  
*Partner*  
 Membership Number: 017532

# BALANCE SHEET

AS AT MARCH 31, 2013

Particulars	Note No	As at March 31, 2013	(Rs. in lacs) As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,688.79	22,632.46
(b) Reserves and surplus	4	696,785.17	576,598.79
		<b>719,473.96</b>	<b>599,231.25</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	1,905,304.86	1,468,683.97
(b) Other Long-term liabilities	6	129,764.03	183,685.75
(c) Long-term provisions	7	151,009.81	136,905.61
		<b>2,186,078.70</b>	<b>1,789,275.33</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	414,686.94	304,023.56
(b) Trade payables		58,344.76	47,564.15
(c) Other current liabilities	6	1,076,193.53	810,541.21
(d) Short-term provisions	7	28,544.89	27,112.26
		<b>1,577,770.12</b>	<b>1,189,241.18</b>
<b>Total</b>		<b>4,483,322.78</b>	<b>3,577,747.76</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		5,826.70	3,624.70
(ii) Intangible assets		178.56	146.17
(b) Non-current investments	10	59,231.50	56,027.49
(c) Deferred tax assets (net)	11	28,382.80	21,667.50
(d) Long-term loans and advances	12	1,988,161.50	1,572,971.32
(e) Other non-current assets	13	17,015.36	10,366.68
		<b>2,098,796.42</b>	<b>1,664,803.86</b>
<b>(2) Current assets</b>			
(a) Current investments	14	297,659.63	339,417.21
(b) Cash and bank balances	15	631,932.90	530,809.22
(c) Short-term loans and advances	12	1,447,217.74	1,034,705.33
(d) Other current assets	13	7,716.09	8,012.14
		<b>2,384,526.36</b>	<b>1,912,943.90</b>
<b>Total</b>		<b>4,483,322.78</b>	<b>3,577,747.76</b>
Significant Accounting Policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For S.R.BATLIBOI & Co. LLP  
ICAI Firm Registration No. 301003E  
Chartered Accountants

per Viren H. Mehta  
Partner  
Membership No. 048749

Mumbai  
May 07, 2013

For G. D. Apte & Co.  
ICAI Firm Registration No. 100515W  
Chartered Accountants

C. M. Dixit  
Partner  
Membership No. 017532

For and on behalf of the Board of Directors of  
Shriram Transport Finance Company Limited

Umesh Revankar  
Managing Director

R Sridhar  
Director

Vivek M. Achwal  
Company Secretary

**STATEMENT OF PROFIT & LOSS**  
 FOR THE YEAR ENDED MARCH 31, 2013

(Rs. in lacs)

Particulars	Note No	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>INCOME</b>			
Revenue from operations	16	655,813.42	588,917.16
Other income	17	545.57	470.50
<b>Total</b>		<b>656,358.99</b>	<b>589,387.66</b>
<b>EXPENDITURE</b>			
Employee benefit expenses	18	38,475.72	37,005.63
Finance cost	19	287,033.61	246,120.55
Depreciation and amortisation	9	1,833.09	1,346.35
Other expenses	20	42,312.87	39,994.76
Provisions & write offs	21	85,084.59	76,829.35
<b>Total</b>		<b>454,739.88</b>	<b>401,296.64</b>
<b>Profit before taxation</b>		<b>201,619.11</b>	<b>188,091.02</b>
<b>Provision for taxation</b>			
Current tax		72,272.40	68,644.87
Deferred tax	11	(6,715.30)	(6,298.81)
<b>Total tax expense / (income)</b>		<b>65,557.10</b>	<b>62,346.06</b>
<b>Profit after tax from continuing operations</b>		<b>136,062.01</b>	<b>125,744.96</b>
<b>Earnings per share</b>	22		
Basic (Rs.)		59.98	55.59
Diluted (Rs.)		59.98	55.54
Nominal value of equity share (Rs.)		10.00	10.00
Significant Accounting Policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date  
 For S.R.BATLIBOI & Co. LLP  
 ICAI Firm Registration No. 301003E  
*Chartered Accountants*

per Viren H. Mehta  
*Partner*  
 Membership No. 048749  
 Mumbai  
 May 07, 2013

For G. D. Apte & Co.  
 ICAI Firm Registration No. 100515W  
*Chartered Accountants*

C. M. Dixit  
*Partner*  
 Membership No. 017532

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

Umesh Revankar  
*Managing Director*

R Sridhar  
*Director*

Vivek M. Achwal  
*Company Secretary*

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

Particulars		(Rs. in lacs)
	March 31, 2013	March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	201,619.11	188,091.02
Depreciation and amortisation	1,833.09	1,346.35
Loss / (profit) on sale of fixed assets (net)	47.11	42.40
Provision for diminution in value of investments	(178.66)	178.66
Employees Stock option compensation cost	(86.69)	57.42
Premium on Government Securities	0.80	0.64
Amortisation of Discount on Government Securities	(74.82)	(73.14)
Amortisation of Issue expenses for equity shares	152.78	152.78
Amortisation of Public issue expenses for non convertible debentures	1,578.01	1,458.74
Provision for credit loss on securitisation	17,617.43	18,806.24
Provisions for non performing assets and bad debt written off	65,369.78	57,236.31
Provisions for standard assets	2,276.04	608.14
Provision for gratuity	395.31	461.08
Provision for leave encashment	185.86	106.54
<b>Operating profit before working capital changes</b>	<b>290,735.15</b>	<b>268,473.18</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payables	10,780.44	14,245.34
Increase / (decrease) in provisions	(23,064.97)	1,929.27
Increase / (decrease) in provision for service tax- contested	26.36	345.71
Increase / (decrease) in other liabilities	(29,324.44)	(69,141.16)
(Increase) / decrease in investments	41,549.05	(18,987.29)
(Increase) / decrease in investments in associates	(100.00)	-
(Increase) / decrease in investments in subsidiaries	(0.01)	(12,000.00)
Decrease / (increase) in loans and advances	(874,050.14)	(242,219.95)
Decrease/(increase) in bank deposits (having original maturity of more than three months)(net)	(43,782.83)	41,999.94
Decrease / (increase) in other assets	140.01	(1,341.42)
<b>Cash generated from operations</b>	<b>(627,091.38)</b>	<b>(16,696.38)</b>
Direct taxes paid (net of refunds)	(73,254.81)	(69,834.58)
<b>Net cash flow from / used in operating activities (A)</b>	<b>(700,346.19)</b>	<b>(86,530.96)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed including intangible assets	(4,206.05)	(1,572.48)
Proceeds from sale of fixed assets	93.79	54.23
<b>Net cash used in investing activities (B)</b>	<b>(4,112.26)</b>	<b>(1,518.25)</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

(Rs. in lacs)

Particulars	March 31, 2013	March 31, 2012
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	6.25	13.99
Securities premium on issue of equity capital	15.62	34.99
Amount received from institutional borrowing	1,992,665.00	917,407.01
Amount received from Public issue of non convertible debentures	60,000.00	99,999.93
Increase / (decrease) in Retail borrowings	84,042.75	42,874.42
Amount redeemed for Public issue of non convertible debentures	(46,923.16)	-
Repayment of institutional borrowing	(1,301,445.27)	(708,211.46)
Buyback of Public issue non convertible debentures	-	(27,505.26)
Public issue expenses for non convertible debentures paid	(1,316.96)	(1,867.43)
Dividend paid	(15,877.71)	(14,702.90)
Tax on dividend	(2,575.35)	(2,384.94)
<b>Net cash from financing activities (C)</b>	<b>768,591.18</b>	<b>305,658.35</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>64,132.73</b>	<b>217,609.14</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>382,746.78</b>	<b>165,137.64</b>
<b>Cash and Bank balances taken over on merger</b>	<b>114.60</b>	<b>-</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>446,994.11</b>	<b>382,746.78</b>

## Components of Cash and Cash Equivalents

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
i) Cash on hand	9,478.19	4,827.08
ii) Cheques on hand	4,997.28	5,384.45
iii) Balances with scheduled banks in:		
Current accounts	374,352.42	209,486.14
Unpaid dividend accounts *	629.22	499.39
Deposits with orginal maturity of less than three months	57,537.00	162,549.72
<b>TOTAL CASH AND CASH EQUIVALENTS (NOTE 15)</b>	<b>446,994.11</b>	<b>382,746.78</b>

## Notes

- The above cash flow statements have been prepared under the indirect method setout in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- All figures in brackets indicate outflow.
- Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- During the year, Shriram Holdings (Madras) Private Limited (SHMPL) amalgamated with the Company using "Purchase method" as defined under AS-14 Accounting for Amalgamations notified under Companies (AS) Rules, 2006 (as amended). Assets and liabilities taken over of SHMPL were settled for a net consideration of Rs. 279,487,425. The said net consideration was settled in the form of 500,868 equity shares of Rs. 10/- each. The Company has allotted the said shares on November 05, 2012.
- Details of Net Assets taken over has been disclosed under Note 33 to the financial statements. The said net assets include cash and bank balances amounting to Rs. 200/- and Rs. 11,460,048/- respectively. The said balances was taken over on November 05, 2012.
- \*These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For S.R.BATLIBOI & Co. LLP  
ICAI Firm Registration No. 301003E  
Chartered Accountants

per Viren H. Mehta  
Partner  
Membership No. 048749  
  
Mumbai  
May 07, 2013

For G. D. Apte & Co.  
ICAI Firm Registration No. 100515W  
Chartered Accountants

C. M. Dixit  
Partner  
Membership No. 017532

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

Umesh Revankar  
Managing Director

R Sridhar  
Director

Vivek M. Achwal  
Company Secretary

## 1. CORPORATE INFORMATION

Shriram Transport Finance Company Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The company provides finance for commercial vehicles, construction equipments and other loans.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policy explained below.

### 2.1. Significant Accounting Policies

#### a. Change in accounting policy

##### Accounting Policy for securitisation transactions

During the year ended March 31, 2013, the Company adopted the accounting policy for securitisation transactions, as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on August 21, 2012. Accordingly, the income from securitisation transactions during the year ended March 31, 2013 is lower by Rs. 529.78 Lacs on account of change in the method of deferral of recognition of income prescribed in the revised guidelines issued by RBI.

#### b. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non current.

#### c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

#### d. Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

##### Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

##### Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than and equal to the corresponding rates prescribed in Schedule XIV of the Act.

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Plant and Equipment	10%	4.75%
Furniture and Fixtures	10%	6.33%
Office Equipments	10%	4.75%
Buildings	1.63%	1.63%
Computers	20%	16.21%
Vehicles	20%	9.50%

Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months.

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

#### **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Particulars	Rates (SLM)
Computer Software	33.33%

Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

#### **Impairment of assets**

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in statement of profit and loss account, unless the same is carried at revalued amount and treated as revaluation reserve.

#### **e. Investments**

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

#### **f. Provisioning / Write-off of assets**

Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Delinquencies on assets securitised/assigned are provided for based on management estimates of the historical data.

Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

#### **g. Loans**

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to the balance sheet date and loans securitised.

#### **h. Leases**

##### **Where the Company is the lessor**

Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

### Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### i. FOREIGN CURRENCY TRANSLATION

##### Initial recognition

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

##### Conversion

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

##### Exchange differences

All exchange differences are dealt with including differences arising on translation settlement of monetary items in the statement of profit and loss.

##### Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

#### j. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Income from financing activities is recognised on the basis of internal rate of return. Service tax on charges/ fees is collected by the Company as an intermediary and accordingly revenue is presented on net basis.
- ii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans and twelve months or more in case of financial lease transactions are reversed and are accounted as income when these are actually realised.
- iii. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.
- iv. Gain/Income realised on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest Spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' / agreements. Loss/expenditure, if any, in respect of securitisation /direct assignment is recognised upfront.

Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/ assignment.

Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.

- v. Interest income on fixed deposits/margin money, call money (Collateralised Borrowing and Lending Obligation), certificate of deposits, pass through certificates, subordinate debts, government securities and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.
- vi. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- vii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.
- viii. Income from services is recognised as per the terms of the contract on accrual basis.
- ix. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.

**k. Retirement and other employee benefits**

**Provident Fund**

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.

**Gratuity**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**Leave Encashment**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**l. Income tax**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**m. Segment reporting policies**

**Identification of segments:**

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**Unallocated items:**

Unallocated items include income and expenses which are not allocated to any reportable business segment.

**Segment Policies :**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**n. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**p. Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

**q. Equity shares and Debentures issue expenses**

Expenses incurred on issue of equity shares are charged to statement of profit and loss on a straight line basis over a period of 10 years.

Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.

Expenses incurred for private placement of debentures, are charged to statement of profit and loss in the year in which they are incurred.

**r. Borrowing costs**

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of Profit & Loss in the year in which they are incurred.

**s. Employee stock compensation costs**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**t. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
397,000,000 (March 31, 2012: 335,000,000)	39,700.00	33,500.00
Equity Shares of Rs.10/- each		
20,000,000 (March 31, 2012: 20,000,000)	20,000.00	20,000.00
Preference Shares of Rs.100/- each		
	<b>59,700.00</b>	<b>53,500.00</b>
<b>Issued and Subscribed share capital</b>		
226,918,077 (March 31, 2012: 226,354,709)	22,691.81	22,635.47
Equity shares of Rs. 10/- each		
<b>Paid up (Fully paid up)</b>		
Equity Shares	22,686.39	22,630.06
226,863,936 (March 31, 2012: 226,300,568)		
Equity shares of Rs. 10/- each		
	<b>22,686.39</b>	<b>22,630.06</b>
48,000 equity shares of Rs.10/- each (Rs. 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,688.79</b>	<b>22,632.46</b>

	As at March 31, 2013		As at March 31, 2012	
	Numbers of shares	Rs. in lacs	Numbers of shares	Rs. in lacs
a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.				
Shares outstanding at the beginning of the year	226,300,568	22,630.06	226,160,668	22,616.07
Issued during the period - Employee stock option scheme [Refer Note 25]	62,500	6.25	139,900	13.99
Issued on account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 33]	500,868	50.08	-	-
<b>Shares outstanding at the end of the year</b>	<b>226,863,936</b>	<b>22,686.39</b>	<b>226,300,568</b>	<b>22,630.06</b>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 7.00 ( March 31, 2012 : Rs. 6.50). Out of the total dividend declared during the year ended March 31, 2013, amount of interim dividend paid was Rs. 3.00 per equity share (March 31, 2012 : Rs. 2.50) and amount of final dividend proposed was Rs. 4.00 per equity share (March 31, 2012 : Rs. 4.00).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

The Company has reserved 18,800 (March 31, 2012, 195,750) equity shares for issue under the employee stock option scheme 2005. Except for 14,800 (March 31, 2012, 61,300) equity shares which are unvested as of March 31, 2013, the remaining equity shares reserved for issue are vested and are exercisable as at March 31, 2013. The vesting date for unvested 14,800 equity shares is May 12, 2013.

**d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The company has issued total 4,069,968 equity shares (March 31 2012 : 3,583,300) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited as per note (f) given below.

**e. Details of shareholders holding more than 5% equity shares in the company**

Details of shareholding	As at March 31, 2013		As at March 31, 2012	
	Numbers of shares	% holding in the class	Numbers of shares	% holding in the class
<b>Name of the Shareholder</b>				
<b>Equity shares of Rs. 10/- each</b>				
Shriram Holdings (Madras) Private Limited	-	-	93,371,512	41.26%
Shriram Capital Limited	58,502,778	25.79%	-	-
Newbridge India Investment II Limited	22,847,468	10.07%	-	-
Genesis Indian Investment Company Limited	13,926,256	6.14%	16,807,413	7.43%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

- f.** The Hon'ble Madras High Court sanctioned the Scheme of Arrangement for merger of Shriram Holdings (Madras) Private Limited (SHMPL) with the Company ('the Scheme') and the Scheme came into effect from November 05, 2012 when the Company filed the Scheme with the Registrar of Companies, Tamil Nadu, Chennai. Pursuant to the Scheme, the investment of SHMPL in the share capital of the Company viz. 93,371,512 fully paid-up Equity shares of Rs.10/- each stood cancelled and the Company issued and allotted 93,872,380 new Equity shares of Rs. 10/- each fully paid-up to the shareholders of SHMPL. This resulted into increase of Rs.50.09 lacs in the paid-up capital of the Company with effect from November 05, 2012. The merger is effective from April 01, 2012 and the effect of the same is considered in the above financial statements.

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
Balance as per last account	17.03	17.03
Add: On account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 33]	2,744.80	-
<b>Closing balance</b>	<b>2,761.83</b>	<b>17.03</b>
<b>Capital redemption reserve</b>	<b>5,388.35</b>	<b>5,388.35</b>
<b>Securities Premium Account</b>		
Balance as per last account	175,322.02	175,099.59
Add: Addition on ESOPs exercised	15.62	34.98
Add: Transferred from stock options outstanding	104.72	187.45
<b>Closing balance</b>	<b>175,442.36</b>	<b>175,322.02</b>
<b>Debenture redemption reserve</b>		
Balance as per last account	52,136.12	31,823.68
Add: Transfer from statement of Profit and Loss on account of fresh creation	15,815.26	20,312.44
Less: Transfer to statement of Profit and Loss on account of redemption	(23,461.58)	-
Less: Transfer to statement of Profit and Loss on account of revised guidelines *	(14,309.77)	-
<b>Closing balance</b>	<b>30,180.03</b>	<b>52,136.12</b>
<b>Stock option outstanding</b>		
Employee stock option outstanding	34.00	240.58
Less : Deferred employee compensation outstanding	(0.90)	(16.06)
<b>Closing balance</b>	<b>33.10</b>	<b>224.52</b>
<b>Other Reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	101,199.79	75,999.79
Add: Transfer from statement of Profit and Loss	28,000.00	25,200.00
<b>Closing balance</b>	<b>129,199.79</b>	<b>101,199.79</b>
<b>General reserve</b>		
Balance as per last account	51,153.63	38,553.63
Add: Transfer from statement of Profit and Loss	14,000.00	12,600.00
<b>Closing balance</b>	<b>65,153.63</b>	<b>51,153.63</b>
<b>Surplus in statement of Profit and Loss</b>		
Balance as per last account	191,157.33	140,584.21
Add: Profit for the current year	136,062.01	125,744.96
Add: Excess provision written back - tax on dividend	0.41	35.18
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(28,000.00)	(25,200.00)
Transfer to general reserve	(14,000.00)	(12,600.00)
Transfer to/from debenture redemption reserve	21,956.09	(20,312.44)
Interim dividend	(6,825.68)	(5,656.48)
Tax on interim dividend	(1,107.30)	(917.62)
Proposed final dividend (amount per share Rs. 4.00 (March 31, 2012: Rs. 4.00))	(9,074.56)	(9,052.02)
Tax on proposed dividend	(1,542.22)	(1,468.46)
<b>Total appropriations</b>	<b>(38,593.67)</b>	<b>(75,207.02)</b>
<b>Net surplus statement of Profit and Loss</b>	<b>288,626.08</b>	<b>191,157.33</b>
<b>Total reserves and surplus</b>	<b>696,785.17</b>	<b>576,598.79</b>

\* As per General circular no 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs, Debenture Redemption Reserve required to be maintained is revised to 25% from 50%, hence, the excess amount has been transferred back to the statement of Profit and Loss.

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
<b>5. LONG TERM BORROWINGS</b>				
Subordinated debts (Unsecured)	312,839.63	54,267.15	304,374.96	25,208.32
<b>Redeemable non convertible debentures</b>				
Secured	870,097.87	296,481.41	664,438.56	134,734.54
Less: Unamortised discount	(580.61)	(2,118.62)	(5,139.57)	-
	<b>869,517.26</b>	<b>294,362.79</b>	<b>659,298.99</b>	<b>134,734.54</b>
Unsecured	81,730.00	47,380.00	52,860.00	-
Less: Unamortised discount	(110.08)	(784.49)	(2,261.72)	-
	<b>81,619.92</b>	<b>46,595.51</b>	<b>50,598.28</b>	-
<b>Term loans from banks</b>				
Unsecured	10,000.00	10,000.00	10,000.00	11,174.03
Secured	508,599.25	281,182.57	338,576.64	319,422.29
Fixed deposits (Unsecured)	68,220.02	66,418.28	100,387.65	19,989.23
<b>Term loans from Financial institutions / Corporates</b>				
Secured	54,500.00	27,000.00	5,000.00	19,500.00
Unsecured	-	-	-	10,000.00
<b>Loans and advances from related parties</b>				
Subordinated debts (Unsecured)				
from Associate	-	413.40	413.40	-
from Managing Director	-	-	12.31	-
from Relative of Managing Director	0.30	-	7.00	-
Redeemable non convertible debentures (Secured)				
from Associate	3.60	2.40	-	-
from Managing Director	-	-	14.74	-
from Relative of Managing Director	4.88	2.21	-	-
Fixed deposits (Unsecured)				
from Relative of Managing Director	-	1.02	-	-
	<b>1,905,304.86</b>	<b>780,245.33</b>	<b>1,468,683.97</b>	<b>540,028.41</b>

\*Amount disclosed under the head other current liabilities

## 5. LONG TERM BORROWINGS (Contd.)

### A) Subordinated Debt - Unsecured

- i) Privately Placed Subordinated debts of Rs. 100,000/- each

Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	-	13,769.00	4,541.00	-	18,310.00
36-48 Months	-	5,000.00	-	-	5,000.00
24-36 months	-	25,577.00	-	-	25,577.00
12-24 months	-	15,000.00	5,500.00	-	20,500.00
<b>Total</b>	<b>-</b>	<b>59,346.00</b>	<b>10,041.00</b>	<b>-</b>	<b>69,387.00</b>

Current maturity					
<b>Upto 12 months</b>	<b>-</b>	<b>-</b>	<b>10,510.00</b>	<b>-</b>	<b>10,510.00</b>

Terms of repayment as on March 31, 2012

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	-	13,769.00	4,541.00	-	18,310.00
48-60 Months	-	5,000.00	5,000.00	-	10,000.00
36-48 Months	-	25,577.00	-	-	25,577.00
24-36 months	-	15,000.00	5,500.00	-	20,500.00
12-24 months	-	-	5,510.00	-	5,510.00
<b>Total</b>	<b>-</b>	<b>59,346.00</b>	<b>20,551.00</b>	<b>-</b>	<b>79,897.00</b>

- ii) Privately Placed Subordinated debts of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	-	95,890.00	5,000.00	-	100,890.00
48-60 Months	-	25,000.00	-	-	25,000.00
36-48 Months	-	5,000.00	-	-	5,000.00
24-36 months	-	35,000.00	-	-	35,000.00
<b>Total</b>	<b>-</b>	<b>160,890.00</b>	<b>5,000.00</b>	<b>-</b>	<b>165,890.00</b>

## 5. LONG TERM BORROWINGS (Contd.)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				(Rs. in lacs)
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
<b>Current maturity</b>					
<b>Upto 12 months</b>	-	15,000.00	-	-	15,000.00

**Terms of repayment as on March 31, 2012**

**Long term borrowing**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				(Rs. in lacs)
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	25,000.00	50,420.00	5,000.00	-	80,420.00
48-60 Months	-	5,000.00	-	-	5,000.00
36-48 Months	35,000.00	-	-	-	35,000.00
12-24 months	-	15,000.00	-	-	15,000.00
<b>Total</b>	<b>60,000.00</b>	<b>70,420.00</b>	<b>5,000.00</b>	<b>-</b>	<b>135,420.00</b>

- iii) Privately placed Subordinated debts of Rs. 1,000/- each

**Terms of repayment as on March 31, 2013**

**Long term borrowing**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				(Rs. in lacs)
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	5.40	22,148.21	-	-	22,153.61
48-60 Months	1,481.88	6,589.06	-	-	8,070.94
36-48 Months	46.99	3,487.45	-	-	3,534.44
24-36 months	-	5,551.41	0.50	-	5,551.91
12-24 months	-	8,038.37	21,903.35	-	29,941.72
<b>Total</b>	<b>1,534.27</b>	<b>45,814.50</b>	<b>21,903.85</b>	<b>-</b>	<b>69,252.62</b>

**Current maturity**

<b>Upto 12 months</b>	-	22,400.37	6,770.18	-	29,170.55
-----------------------	---	-----------	----------	---	-----------

**Terms of repayment as on March 31, 2012**

**Long term borrowing**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				(Rs. in lacs)
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	1,487.28	11,494.46	-	-	12,981.74
48-60 Months	46.99	3,487.45	-	-	3,534.44
36-48 Months	-	5,551.41	0.50	-	5,551.91
24-36 months	-	8,038.37	21,903.35	-	29,941.72
12-24 months	-	22,400.37	6,770.18	-	29,170.55
<b>Total</b>	<b>1,534.27</b>	<b>50,972.06</b>	<b>28,674.03</b>	<b>-</b>	<b>81,180.36</b>

**Current maturity**

<b>Upto 12 months</b>	-	25,202.69	-	5.63	25,208.32
-----------------------	---	-----------	---	------	-----------

## 5. LONG TERM BORROWINGS (Contd.)

- iv) Public issue of Subordinated debt of Rs. 1,000/- each (2010)-quoted  
**Long term borrowing**

<b>Option Detail</b>	<b>Rate of interest</b>	(Rs. in lacs)		
		<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>	<b>Redeemable at par on</b>
Option -IV	10.41%	91.00	91.00	1-Jun-17
	10.81%	1,687.00	1,687.00	1-Mar-17
	11.25%	3,746.08	3,746.08	1-Dec-16
Option -V	10.25%	110.30	110.30	1-Jun-17
	10.75%	204.32	204.32	1-Jun-17
	11.00%	2,471.61	2,471.61	1-Jun-17
<b>Total</b>		<b>8,310.31</b>	<b>8,310.31</b>	

	(Rs. in lacs)			
	As at March 31, 2013		As at March 31, 2012	
<b>Total Subordinated Debts</b>	<b>Non Current portion</b>	<b>Current maturities</b>	<b>Non Current portion</b>	<b>Current maturities</b>
i+ii+iii+iv	312,839.93	54,680.55	304,807.67	25,208.32
Less: issued to related parties	0.30	413.40	432.71	-
<b>Net</b>	<b>312,839.63</b>	<b>54,267.15</b>	<b>304,374.96</b>	<b>25,208.32</b>

### B) Non Convertible Debenture - Secured

- i) Privately placed Redeemable Non Convertible Debentures of Rs. 1,000/- each  
**Terms of repayment as on March 31, 2013**  
**Long term borrowing**

<b>Redeemable at par (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>					<b>Total</b>
	<b>&lt; 10%</b>	<b>&gt;= 10% &lt; 12%</b>	<b>&gt;= 12% &lt; 14%</b>	<b>&gt;= 14% &lt; 16%</b>	<b>&gt;= 16%</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	
48-60 months	-	8,613.59	939.52	-	-	<b>9,553.11</b>
36-48 months	1.84	6,534.46	719.88	0.88	-	<b>7,257.06</b>
24-36 months	1,669.55	136,832.48	-	792.92	-	<b>139,294.95</b>
12-24 months	3,637.90	100,192.44	6.40	311.80	-	<b>104,148.54</b>
<b>Total</b>	<b>5,309.29</b>	<b>252,172.97</b>	<b>1,665.80</b>	<b>1,105.60</b>	-	<b>260,253.66</b>

### Current maturity

<b>upto 12 months</b>	<b>46,737.79</b>	<b>29,109.31</b>	<b>1,582.89</b>	<b>282.32</b>	<b>0.48</b>	<b>77,712.79</b>
-----------------------	------------------	------------------	-----------------	---------------	-------------	------------------

## 5. LONG TERM BORROWINGS (Contd.)

### Terms of repayment as on March 31, 2012

#### Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14% < 16%	>= 16%	
	Amount	Amount	Amount	Amount	Amount	
Over 60 months	-	-	939.52	-	-	939.52
48-60 months	1.84	4,053.22	719.88	0.88	-	4,775.82
36-48 months	1,670.80	1,919.18	-	792.92	-	4,382.90
24-36 months	688.44	97,619.12	6.40	311.80	-	98,625.76
12-24 months	46,749.25	35,493.34	1,997.99	282.32	0.48	84,523.38
<b>Total</b>	<b>49,110.33</b>	<b>139,084.86</b>	<b>3,663.79</b>	<b>1,387.92</b>	<b>0.48</b>	<b>193,247.38</b>

#### Current maturity

upto 12 months	33,646.60	31,864.11	1,820.93	0.70	479.04	67,811.38
----------------	-----------	-----------	----------	------	--------	-----------

#### Nature of Security

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to applicable statutory and/or regulatory requirements.

#### ii) Privately Placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

### Terms of repayment as on March 31, 2013

#### Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%^	>= 10% < 12%*^ ¥	>= 12% < 14%	>= 14% < 16%	>= 16%	
	Amount	Amount	Amount	Amount	Amount	
48-60 months *^	3,800.00	76,000.00	-	-	-	79,800.00
36-48 months^¥	750.00	38,125.00	-	-	-	38,875.00
24-36 months^	47,100.00	55,800.00	-	-	-	102,900.00
12-24 months^¥	39,010.00	168,585.00	-	-	-	207,595.00
<b>Total</b>	<b>90,660.00</b>	<b>338,510.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429,170.00</b>

\* Includes 2 Non-convertible debentures of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

^NCDs amounting to Rs. 22,420.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

¥ Out of the above NCDs having put/call option are as under

Sr No	Rate of Interest	Amount	(Rs. in lacs)				
			Put/Call option date				
1	10.60%	625.00					12-Aug-16
2	10.50%	625.00					13-Aug-14
3	10.30%	20,000.00					20-Jul-14
<b>Total</b>		<b>21,250.00</b>					

Current maturity

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					(Rs. in lacs)
	< 10% ^ ¥	=> 10% < 12% ^ ¥	=> 12% < 14%	=> 14% < 16%	=> 16%	
	Amount	Amount	Amount	Amount	Amount	
<b>upto 12 months ^ ¥</b>	<b>19,510.00</b>	<b>125,900.00</b>	<b>31,000.00</b>	-	-	<b>176,410.00</b>

^NCDs amounting to Rs. 18,110.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

Sr No	Rate of Interest	Amount	(Rs. in lacs)				
			Put/Call option date				
1	10.30%	31,000.00					6-Jan-14
2	9.20%	30,000.00					24-Jun-13
3	9.00%	20,000.00					2-May-13
<b>Total</b>		<b>81,000.00</b>					

Terms of repayment as on March 31, 2012

Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					(Rs. in lacs)
	< 10% ^	=> 10% < 12% ^ ¥	=> 12% < 14%	=> 14% < 16%	=> 16%	
	Amount	Amount	Amount	Amount	Amount	
Over 60 months *	-	625.00	-	-	-	<b>625.00</b>
48-60 months*	-	73,125.00	-	-	-	<b>73,125.00</b>
36-48 months^	1,300.00	-	-	-	-	<b>1,300.00</b>
24-36 months^	24,890.00	71,010.00	-	-	-	<b>95,900.00</b>
12-24 months^ ¥	16,310.00	89,900.00	31,000.00	-	-	<b>137,210.00</b>
<b>Total</b>	<b>42,500.00</b>	<b>234,660.00</b>	<b>31,000.00</b>	-	-	<b>308,160.00</b>

\* Includes 2 Non-convertible debenture of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

^ NCDs amounting to Rs. 17,710.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

¥ Out of the above NCDs having put/call option are as under

Sr No	Rate of Interest	Amount	(Rs. in lacs)	Put/Call option date
1	10.60%	625.00		12-Aug-16
2	10.50%	625.00		13-Aug-14
<b>Total</b>		<b>1,250.00</b>		

### Current maturity

Redeemable at par (from the date of the Balance Sheet)	Rate of interest						(Rs. in lacs)
	< 10%	=> 10% < 12%	=> 12% < 14%	=> 14% < 16%	=> 16%	Total	
	Amount	Amount	Amount	Amount	Amount	Amount	
upto 12 months	5,000.00	15,000.00	-	-	-	-	20,000.00

### Nature of Security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

### iii) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each - (2009)

#### Terms of repayment

#### Long term borrowing

Option Detail	Rate of interest	As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option	(Rs. in lacs)
Option -I	11.00%	1,744.97	1,744.97	26-Aug-14	-	
	11.00%	-	3,489.95	26-Aug-13	-	
Option -II	11.25%	1,474.92	1,474.92	26-Aug-14	-	
	11.25%	-	2,949.84	26-Aug-13	-	
Option -III	11.03%	-	10,422.51	26-Aug-14	26-Aug-13	
Option -IV	11.00%	-	2,274.12	26-Aug-14	26-Aug-13	
<b>Total</b>		<b>3,219.89</b>	<b>22,356.31</b>			

#### Terms of repayment

#### Current maturity

Option Detail	Rate of interest	As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option	(Rs. in lacs)
Option -I	11.00%	-	3,489.95	26-Aug-12	-	
	11.00%	3,489.95	-	26-Aug-13	-	
Option -II	11.25%	-	2,949.84	26-Aug-12	-	
	11.25%	2,949.84	-	26-Aug-13	-	
Option -III	11.03%	10,422.51	-	26-Aug-14	26-Aug-13	
Option -IV	11.00%	2,274.12	-	26-Aug-14	26-Aug-13	
Option -V	10.75%	-	40,483.37	26-Aug-12	-	
<b>Total</b>		<b>19,136.42</b>	<b>46,923.16</b>			

## 5. LONG TERM BORROWINGS (Contd.)

### Nature of Security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The funds raised from the Public issue of 9,999,996 Secured Non-Convertible Debenture aggregating to Rs. 99,999.96 lacs have been utilised, after meeting the expenditure of and related to the Public issue, for various financing activities of the Company including lending, investments and repayment of borrowings.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back Non-convertible Debentures of Rs. 4,215.23 lacs on 12-Mar-2010 and Rs. 3,000.00 lacs on 27-March-2012, Rs. 23,505.26 lacs on 28-March-2012 and as per the terms of the issue Rs. 46,923.16 lacs were redeemed on 26-August-2012.

#### iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2010)

##### Terms of repayment

##### Long term borrowing

<b>Option Detail</b>	<b>Rate of interest</b>	(Rs. in lacs)			
		<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>	<b>Redeemable at par on</b>	<b>Put and Call option</b>
Option -I	9.00%	-	3,398.67	1-Jun-15	1-Jun-13
	9.50%	-	10,495.95	1-Jun-15	1-Jun-13
	9.75%	-	1,859.85	1-Jun-15	1-Jun-13
Option -II	9.50%	897.03	897.03	1-Jun-17	1-Jun-15
	10.00%	832.20	832.20	1-Jun-17	1-Jun-15
	10.25%	4,525.13	4,525.13	1-Jun-17	1-Jun-15
Option -III	9.75%	808.45	808.45	1-Jun-15	-
	10.25%	785.68	785.68	1-Jun-15	-
	10.50%	2,142.04	2,142.04	1-Jun-15	-
	9.75%	1,616.90	1,616.90	1-Jun-14	-
	10.25%	1,571.36	1,571.36	1-Jun-14	-
	10.50%	4,284.08	4,284.08	1-Jun-14	-
	9.75%	-	1,616.90	1-Jun-13	-
	10.25%	-	1,571.36	1-Jun-13	-
	10.50%	-	4,284.08	1-Jun-13	-
<b>Total</b>		<b>17,462.87</b>	<b>40,689.68</b>		

##### Terms of repayment

##### Current maturity

<b>Option Detail</b>	<b>Rate of interest</b>	(Rs. in lacs)			
		<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>	<b>Redeemable at par on</b>	<b>Put and Call option</b>
Option -I	9.00%	3,398.67	-	1-Jun-15	1-Jun-13
	9.50%	10,495.95	-	1-Jun-15	1-Jun-13
	9.75%	1,859.85	-	1-Jun-15	1-Jun-13
Option -III	9.75%	1,616.90	-	1-Jun-13	-
	10.25%	1,571.36	-	1-Jun-13	-
	10.50%	4,284.08	-	1-Jun-13	-
<b>Total</b>		<b>23,226.81</b>	-		

## 5. LONG TERM BORROWINGS (Contd.)

### Nature of Security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back Non-convertible Debentures of Rs. 1,000.00 lacs on 14-July-2011.

#### v) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2011)

##### Terms of repayment

##### Long term borrowing

Option Detail	Rate of interest	(Rs. in lacs)			
		As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	11.60%	53,470.83	53,470.83	11-Jul-16	12-Jul-15
	11.35%	24,313.78	24,313.78	11-Jul-16	12-Jul-15
	11.10%	7,340.36	7,340.36	11-Jul-16	12-Jul-15
Option -II	11.35%	3,462.05	3,462.05	11-Jul-14	-
	11.10%	3,173.19	3,173.19	11-Jul-14	-
	11.00%	8,239.72	8,239.72	11-Jul-14	-
<b>Total</b>		<b>99,999.93</b>	<b>99,999.93</b>		

##### Nature of Security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

## 5. LONG TERM BORROWINGS (Contd.)

### vi) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2012)

#### Terms of repayment

#### Long term borrowing

Option Detail	Rate of interest	(Rs. in lacs)			
		As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	11.15%	8,518.92	-	9-Aug-15	-
	10.25%	14,945.24	-	9-Aug-15	-
Option –II	11.40%	14,236.98	-	9-Aug-17	-
	10.50%	11,974.23	-	9-Aug-17	-
Option –III	11.15%	3,738.41	-	9-Aug-15	-
	10.25%	147.69	-	9-Aug-15	-
Option –IV	11.40%	6,356.94	-	9-Aug-17	-
	10.50%	81.59	-	9-Aug-17	-
<b>Total</b>		<b>60,000.00</b>	-		

#### Nature of Security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities	Non Current portion	Current maturities
<b>Total non-convertible debentures - secured</b>				
i+ii+iii+iv+v+vi	870,106.35	296,486.02	664,453.30	134,734.54
Less: issued to related parties	8.48	4.61	14.74	-
<b>Net</b>	<b>870,097.87</b>	<b>296,481.41</b>	<b>664,438.56</b>	<b>134,734.54</b>

#### C. Redeemable non-convertible debentures- Unsecured

#### Privately Placed Unsecured Redeemable non-convertible debentures of Rs. 1,000,000/- each

#### Terms of repayment as on March 31, 2013

#### Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%¥	Total
	Amount	Amount	Amount
24-36 months^	-	2,150.00	2,150.00
12-24 months^¥	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>58,980.00</b>	<b>81,730.00</b>

^NCDs amounting to Rs. 25,320.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of Interest	Amount	Put/Call option date
1	10.07%	25,000.00	1-May-13
<b>Total</b>		<b>25,000.00</b>	

Terms of repayment as on March 31, 2013

Current maturity

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	=10% <12%^	Total
	Amount	Amount	Amount
upto 12 months^	22,280.00	25,100.00	47,380.00
<b>Total</b>	<b>22,280.00</b>	<b>25,100.00</b>	<b>47,380.00</b>

^NCDs amounting to Rs. 27,900.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

₹ Out of the above NCDs having put/call option are as under

Sr No	Rate of Interest	Amount	Put/Call option date
1	9.59%	20,000.00	24-Mar-14
<b>Total</b>		<b>20,000.00</b>	

Terms of repayment as on March 31, 2012

Long term borrowing

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest		
	<10%^	=10% <12%^	Total
	Amount	Amount	Amount
36-48 months	-	2,150.00	2,150.00
24-36 months^	-	30,830.00	30,830.00
12-24 months^	2,280.00	17,600.00	19,880.00
<b>Total</b>	<b>2,280.00</b>	<b>50,580.00</b>	<b>52,860.00</b>

^NCDs amounting to Rs. 3,920.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

### D. Term Loan from bank- Unsecured

**As at March 31, 2013**

#### Terms of repayment

(Rs. in lacs)				
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment Details</b>	<b>Non-Current portion</b>	<b>Current Maturities</b>
48-60 months	14.00%	Bullet	10,000.00	-
upto 12 months	10.00%	Bullet	-	10,000.00
<b>Total</b>			<b>10,000.00</b>	<b>10,000.00</b>

**As at March 31, 2012**

#### Terms of repayment

(Rs. in lacs)				
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment Details</b>	<b>Non-Current portion</b>	<b>Current Maturities</b>
Above 60 months	14.50%	Bullet	10,000.00	-
upto 12 months	10.27%	23 instalments of Monthly frequency	-	11,174.03
<b>Total</b>			<b>10,000.00</b>	<b>11,174.03</b>

### E. Term loans from Banks -Secured

**As at March 31, 2013**

#### Terms of repayment

#### Long term borrowing

(Rs. in lacs)				
<b>Tenure (from the date of the Balance Sheet)</b>	<b>Rate of interest</b>	<b>Repayment Details</b>	<b>Non-Current portion</b>	<b>Current Maturities</b>
48-60 months	10.35% to 10.75%	5 to 20 installments of quarterly and yearly frequency	111,999.95	28,000.00
36-48 months	10.35% to 11.75%	1 to 60 installments of Bullet, monthly, quarterly and half yearly frequency	212,414.24	71,190.48
24-36 months (* refer security details)	9.00% to 12.50%	1 to 60 installments of Bullet, monthly, quarterly, half yearly frequency	115,710.78	40,435.98
12-24 months	9.50% to 13.00%	1 to 48 installments of Bullet, monthly, quarterly, half yearly and yearly frequency	68,474.28	25,701.00
upto 12 months	9.00% to 13.75%	1 to 48 installments of Bullet, monthly, quarterly, half yearly and yearly frequency	-	115,855.11
<b>Total</b>			<b>508,599.25</b>	<b>281,182.57</b>

(Rs. in lacs)	
<b>Nature of Security</b>	<b>As at March 31, 2013</b>
a) *includes secured by hypothecation of vehicles for own use	5.18
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	789,776.64
<b>Total</b>	<b>789,781.82</b>

## 5. LONG TERM BORROWINGS (Contd.)

**As at March 31, 2012**

**Terms of repayment**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
48-60 months	11.50% to 12.10%	10 to 60 installments of monthly, quarterly and half yearly frequency	51,145.91	15,000.00	
36-48 months (*refer security details)	8.75% to 12.75%	4 to 60 installments of monthly, quarterly and half yearly frequency	44,651.32	6,989.10	
24-36 months	9.50% to 13.40%	1 to 48 installments of bullet, monthly and quarterly frequency	83,258.04	23,695.00	
12-24 months	9.00% to 13.75%	1 to 48 installments of bullet, monthly, quarterly, half yearly and yearly frequency	159,521.37	150,095.29	
upto 12 months	8.85% to 14.50%	1 to 48 installments of bullet, monthly, quarterly, half yearly and yearly frequency	-	123,642.90	
<b>Total</b>			<b>338,576.64</b>	<b>319,422.29</b>	

**Nature of Security**

**As at March 31, 2012**

a) *includes secured by hypothecation of vehicles for own use	28.44
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans	657,970.50
<b>Total</b>	<b>657,998.94</b>

**F. Fixed deposits- Unsecured -Refer Note 27**

i) **Terms of repayment as on March 31, 2013**

**Long term borrowing**

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			(Rs. in lacs)
	< 10%	=> 10% < 12%	Total	
	Amount	Amount	Amount	
48-60 Months	-	4,424.72	<b>4,424.72</b>	
36-48 Months	-	5,711.40	<b>5,711.40</b>	
24-36 Months	7,678.53	28,948.08	<b>36,626.61</b>	
12-24 Months	2,684.84	18,772.45	<b>21,457.29</b>	
<b>Total</b>	<b>10,363.37</b>	<b>57,856.65</b>	<b>68,220.02</b>	

ii) **Current Maturity**

Upto 12 months	55,005.29	11,414.01	66,419.30
----------------	-----------	-----------	-----------

## 5. LONG TERM BORROWINGS (Contd.)

### i) Terms of repayment as on March 31, 2012

#### Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			(Rs. in lacs)
	< 10%	=> 10% < 12%	Total	
	Amount	Amount	Amount	
48-60 Months	-	5,242.53	5,242.53	
36-48 Months	7,804.09	2,784.95	10,589.04	
24-36 Months	1,089.52	18,622.96	19,712.48	
12-24 Months	52,999.59	11,844.01	64,843.60	
<b>Total</b>	<b>61,893.20</b>	<b>38,494.45</b>	<b>100,387.65</b>	

### ii) Current Maturity

<b>Upto 12 months</b>	<b>19,780.36</b>	<b>208.87</b>	<b>19,989.23</b>
-----------------------	------------------	---------------	------------------

Total Fixed deposits	As at March 31, 2013		As at March 31, 2012		(Rs. in lacs)
	Non Current portion	Current maturities	Non Current portion	Current maturities	
i+ii	68,220.02	66,419.30	100,387.65	19,989.23	
Less: issued to related parties	-	1.02	-	-	
<b>Net</b>	<b>68,220.02</b>	<b>66,418.28</b>	<b>100,387.65</b>	<b>19,989.23</b>	

### G. Term Loan from financial institution/corporates - Secured

#### As at March 31, 2013

#### Long term borrowing

#### Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
48-60 months	11.10%	20 installments of quarterly frequency	37,500.00	10,000.00	
24-36 months	11.00%	11 installments of quarterly frequency	17,000.00	12,000.00	
upto 12 months	9.25%	Bullet	-	5,000.00	
<b>Total</b>			<b>54,500.00</b>	<b>27,000.00</b>	

#### Nature of Security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

## 5. LONG TERM BORROWINGS (Contd.)

**As at March 31, 2012**

### Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
24-36 months	9.25%	Bullet	5,000.00	-	-
upto 12 months	11.02%	Bullet	-	19,500.00	
<b>Total</b>			<b>5,000.00</b>	<b>19,500.00</b>	

### Nature of Security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

### H. Term Loan from financial institution/corporates - Unsecured

#### Terms of repayment

**As at March 31, 2012**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
upto 12 months	12.18%	Bullet	-	10,000.00	
<b>Total</b>			<b>-</b>	<b>10,000.00</b>	

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities	Non Current portion	Current maturities
<b>Total Long-term borrowings</b>				
Secured Borrowings	1,432,624.99	602,549.97	1,002,890.37	473,656.83
Unsecured Borrowings	472,679.87	177,695.36	465,793.60	66,371.58
<b>Total Long-term borrowings</b>	<b>1,905,304.86</b>	<b>780,245.33</b>	<b>1,468,683.97</b>	<b>540,028.41</b>

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Long term	Short term	Long term	Short term
<b>6. OTHER LIABILITIES</b>				
Current maturities of long term debts [Refer Note 5]	-	780,245.33	-	540,028.41
Interest accrued but not due on loans	57,150.34	79,670.09	55,815.66	53,687.59
Application money on redeemable non convertible debentures	2,109.76	-	1,379.18	-
Application money on Subordinated debts	311.59	-	204.05	-
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	629.22	-	499.40
- Unclaimed matured deposits and interest accrued thereon	-	1,246.86	-	810.29
- Unclaimed matured debentures and interest accrued thereon	-	5,402.65	-	7,825.98
- Unclaimed matured subordinate debts and interest accrued thereon	-	3,752.38	-	2,346.27
Temporary credit balance in bank accounts	-	72,368.03	-	22,414.42
Tax Deducted at Source	-	1,411.26	-	1,253.57
Service tax payable	-	5.09	-	-
Statutory Dues pertaining to employees	-	280.25	-	270.38
Value Added Tax	-	412.34	-	412.34
Unrealised gain on Securitization*	57,403.45	130,594.91	111,537.39	169,022.61
Payable on account of forward contracts	-	-	-	11,969.95
Payable to subsidiary company #	-	175.12	-	-
Retention and others	12,788.89	-	14,749.47	-
	<b>129,764.03</b>	<b>1,076,193.53</b>	<b>183,685.75</b>	<b>810,541.21</b>

\* Includes realised gain on premium structure securitization / assignment deals amounting to Rs. 3,455.73 lacs (March 31, 2012: Rs. 10,218.15 lacs) - Also refer note 2.1 (j) (iv).

# Payable to subsidiary company M/s. Shriram Equipment Finance Company Limited Rs. 175.12 lacs (March 31, 2012: Rs. Nil)

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Long term	Short term	Long term	Short term
<b>7. PROVISIONS</b>				
<b>For employee benefits</b>				
For gratuity	1,624.39	135.67	1,275.78	88.98
For leave encashment and availment	-	1,361.96	-	1,176.10
<b>For others</b>				
For non-performing assets	79,772.55	-	59,606.48	-
For standard assets [Refer note (f) of note 2.1]	4,474.23	3,291.65	3,275.59	2,214.25
For credit loss on securitisation	65,138.64	-	72,747.76	-
For service tax- contested	-	8,778.18	-	8,751.81
For income tax [net of advance tax Rs. 166,920.12 lacs (March 31, 2012: Rs. 166,920.12 lacs)]	-	4,360.64	-	4,360.64
Proposed dividend	-	9,074.56	-	9,052.02
Corporate dividend tax	-	1,542.23	-	1,468.46
	<b>151,009.81</b>	<b>28,544.89</b>	<b>136,905.61</b>	<b>27,112.26</b>

(Rs. in lacs)

		As at March 31, 2013	As at March 31, 2012
<b>8. SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Redeemable non convertible debentures		69,750.00	-
Term loans from banks		183,800.00	26,426.77
Unsecured Redeemable Debenture		25,000.00	-
<b>Loans repayable on demand (Secured)</b>			
Cash credit		98,108.20	277,596.79
<b>Unsecured Loan</b>			
Inter corporate deposits from Subsidiary		975.00	-
Commercial papers from other than banks		37,500.00	-
Less: unamortized discount		(446.26)	-
		37,053.74	-
		<b>414,686.94</b>	<b>304,023.56</b>

a. Privately Placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

(Rs. in lacs)

	Rate of interest	
	< 10%	Total
	Amount	Amount
<b>Redeemable at par (from the date of the Balance Sheet)</b>	<b>69,750.00</b>	<b>69,750.00</b>
<b>upto 12 months</b>		

**Nature of Security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

b. Term loans From bank -Secured

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	As at March 31, 2013
upto 12 months	9.90 % to 10.35%	Bullet	183,800.00
<b>Total</b>			<b>183,800.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	As at March 31, 2012
upto 12 months	7.66 % to 11.00%	Bullet	26,426.77
<b>Total</b>			<b>26,426.77</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

## 8. SHORT TERM BORROWINGS

c. Redeemable non-convertible debentures- Unsecured

Privately Placed Unsecured Redeemable non-convertible debentures of Rs. 1,000,000/- each

(Rs. in lacs)

	Rate of interest			<b>Total</b>
	< 10%	>=10% <12%	Amount	
<b>Redeemable at par within</b>		<b>Amount</b>		<b>Amount</b>
Upto 12 months		25,000.00	-	25,000.00
<b>Total</b>		<b>25,000.00</b>	-	<b>25,000.00</b>

(Rs. in lacs)

d. Cash Credit from bank

**As at March 31, 2013**

**As at March 31, 2012**

Secured by hypothecation of specific assets covered under hypothecation loan agreements

98,108.20

277,596.79

**Total**

**98,108.20**

**277,596.79**

e. Commercial paper

(Rs. in lacs)

**Tenure**

(from the date of the Balance Sheet)

**Rate of Interest**

**Repayment Details**

**As on March 31, 2013**

**upto 12 months**

**8.96 % to 9.90 %**

**Bullet**

**37,500.00**

# The Company has bought back CP of Rs. 25,000.00 lacs on February 11, 2013

f. Inter corporate deposits from Subsidiary

(Rs. in lacs)

**Tenure**

(from the date of the Balance Sheet)

**Rate of Interest**

**Repayment Details**

**As on March 31, 2013**

**upto 12 months**

**11%**

**Bullet**

**975.00**

(Rs. in lacs)

**Total Short-term borrowings**

**As at March 31, 2013**

**As at March 31, 2012**

Secured Borrowings

351,658.20

304,023.56

Unsecured Borrowings

63,028.74

-

**Total Short-term borrowings**

**414,686.94**

**304,023.56**

Particulars	Tangible Assets						Intangible Assets	(Rs. in lacs)
	Land - Freehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Leasehold Improvement	Tangible Assets
<b>9. TANGIBLE AND INTANGIBLE FIXED ASSETS</b>								
<b>Gross Block</b>								
<b>As at March 31, 2011</b>	<b>10.18</b>	<b>525.82</b>	<b>3,186.41</b>	<b>193.22</b>	<b>1,152.61</b>	<b>176.05</b>	<b>3,766.67</b>	<b>9,010.96</b>
Additions	-	0.21	739.20	5.64	139.61	6.13	509.75	1,400.54
Deletions	-	-	139.25	9.42	41.21	39.39	358.78	588.05
Adjustment	-	-	1.72	(1.72)	-	-	-	-
<b>As at March 31, 2012</b>	<b>10.18</b>	<b>526.03</b>	<b>3,788.08</b>	<b>187.72</b>	<b>1,251.01</b>	<b>142.79</b>	<b>3,917.64</b>	<b>9,823.45</b>
Additions	0.58	-	2,220.28	48.72	415.07	-	1,324.56	4,009.21
Deletions	-	-	306.01	16.54	72.94	60.52	360.36	816.37
Adjustment	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	<b>10.76</b>	<b>526.03</b>	<b>5,702.35</b>	<b>219.90</b>	<b>1,593.14</b>	<b>82.27</b>	<b>4,881.84</b>	<b>13,016.29</b>
Depreciation								
<b>As at March 31, 2011</b>	<b>-</b>	<b>110.66</b>	<b>1,686.03</b>	<b>84.03</b>	<b>505.48</b>	<b>85.13</b>	<b>2,944.82</b>	<b>5,416.15</b>
Charge for the year	-	8.60	587.43	18.78	170.50	34.22	454.49	1,274.02
Deletions	-	-	99.28	2.92	28.57	26.61	334.04	491.42
Adjustment	-	-	0.45	(0.45)	-	-	-	-
<b>As at March 31, 2012</b>	<b>-</b>	<b>119.26</b>	<b>2,174.63</b>	<b>99.44</b>	<b>647.41</b>	<b>92.74</b>	<b>3,065.27</b>	<b>6,198.75</b>
Charge for the year	-	8.58	733.34	26.37	300.58	5.71	591.75	1,666.33
Deletions	-	-	250.45	7.97	53.85	30.62	332.58	675.47
Adjustment	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	<b>-</b>	<b>127.84</b>	<b>2,657.52</b>	<b>117.84</b>	<b>891.14</b>	<b>67.83</b>	<b>3,324.44</b>	<b>7,189.61</b>
Net Block								
<b>As at March 31, 2012</b>	<b>10.18</b>	<b>406.77</b>	<b>1,613.45</b>	<b>88.28</b>	<b>603.60</b>	<b>50.05</b>	<b>852.37</b>	<b>3,624.70</b>
<b>As at March 31, 2013</b>	<b>10.76</b>	<b>398.19</b>	<b>3,044.83</b>	<b>102.06</b>	<b>691.00</b>	<b>14.44</b>	<b>1,557.40</b>	<b>5,326.70</b>
<b>Total</b>								<b>1,346.35</b>
DEPRECIATION AND AMORTISATION								
	<b>Year ended</b>						<b>(Rs. in lacs)</b>	
on tangible assets							March 31, 2013	March 31, 2012
on intangible assets							1,666.33	274.02
on investment property							164.45	70.02
<b>Total</b>							<b>2.31</b>	<b>2.31</b>
							<b>1,833.09</b>	

			Quantity	Amount	Quantity	Amount
		Face value (Rs.)	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>10.</b>	<b>NON-CURRENT INVESTMENTS</b>					
	<b>Investment property</b> (at cost less accumulated depreciation)					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			11.88		9.56
	<b>Net Block</b>			<b>199.78</b>		<b>202.10</b>
	<b>Non trade</b> (valued at cost unless stated otherwise)					
A.	<b>Shares : Fully paid up</b>					
a)	<b>Quoted - Equity shares</b>					
	<b>Investment in associates</b>					
	Shriram Asset Management Company Limited (40% Share) #	10	2,400,000	240.00	2,400,000	240.00
b)	<b>Unquoted - Equity shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited @	10	10,000,000	1,000.00	10,000,000	1,000.00
	Shriram Automall India Limited	10	30,000,000	3,000.00	30,000,000	3,000.00
	Shriram Insurance Broking Company Limited [Refer Note 29] (Purchased 60 shares of Rs. 10/- each during the year)	10	60	0.01	-	-
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited (At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2012: Rs. 25.00 lacs) )	10	25,000	-	25,000	-
	Ashley Transport Services Limited (At cost less provision for other than temporary diminution in value of Rs. 142.50 lacs (March 31, 2012: Rs. 142.50 lacs) )	100	225,000	-	225,000	-
c)	<b>Unquoted - Preference shares</b>					
	<b>Investment in wholly owned subsidiaries</b>					
	Shriram Equipment Finance Company Limited	100	25,000,000	25,000.00	25,000,000	25,000.00
	<b>Investment in associates</b>					
	Shriram Asset Management Company Limited (Purchased 100,000 shares of Rs. 100/- each during the year)	100	100,000	100 .00	-	-

# These shares are subject to restrictive covenants of regulatory authority.

@ 3,000,000 shares have been pledged against loan availed by subsidiary from Bank.

(Rs. in lacs)

	Face value (Rs.)	Quantity	Amount	Quantity	Amount
		As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>10. NON-CURRENT INVESTMENTS (Contd.)</b>					
<b>B. Government Securities [Refer note 27]</b>					
<b>Quoted</b>					
6.13% GOI Loan 2028	100	176,000	177.57	176,000	177.67
6.35% GOI Loan 2020	100	2,500,000	2,365.79	2,500,000	2,345.94
6.49% GOI Loan 2015	100	500,000	492.13	500,000	488.54
6.90% GOI Loan 2019	100	5,000,000	4,754.74	5,000,000	4,715.74
7.02% GOI Loan 2016	100	400,000	395.77	400,000	394.52
7.80% GOI Loan 2020	100	2,500,000	2,494.53	2,500,000	2,493.76
8.13% GOI Loan 2022	100	2,500,000	2,502.58	2,500,000	2,502.85
8.24% GOI Loan 2027	100	500,000	497.06	500,000	496.85
8.26% GOI Loan 2027	100	2,500,000	2,484.32	2,500,000	2,484.32
12.40% GOI Loan 2013	100	-	-	85,000	85.10
8.26% GOI Loan 2027	100	5,000,000	4,870.24	5,000,000	4,860.10
8.97% GOI loan 2030 (Purchased during the year)	100	2,500,000	2,743.83	-	-
<b>C. Unquoted - Investment in Subordinate Debts</b>					
Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
<b>D. Unquoted- Venture Capital Fund</b>					
ICICI Investment Management Company Limited	10,000	8,731	873.15	5,000	500.00
			<b>59,231.50</b>		<b>56,027.49</b>
<b>Aggregate Value of Quoted Investments</b>					
Cost of acquisition			24,018.57		21,285.39
Market Value			24,681.26		20,810.16
<b>Aggregate Value of Unquoted Investments</b>					
Cost of acquisition			35,180.65		34,707.50
<b>Aggregate Provision for diminution in value of investments</b>			<b>167.50</b>		<b>167.50</b>

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>11. DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	433.13	429.50
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,128.59	3,956.04
Provision for securitization	22,110.15	16,394.19
Provision for standard assets	2,519.64	1,781.18
<b>Gross deferred tax assets (A)</b>	<b>29,191.51</b>	<b>22,560.91</b>
<b>Deferred tax liability</b>		
Debenture Issue Expenses	808.71	893.41
<b>Gross deferred tax liability (B)</b>	<b>808.71</b>	<b>893.41</b>
<b>Net deferred tax assets (A-B)</b>	<b>28,382.80</b>	<b>21,667.50</b>

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current portion #	Non Current portion	Current portion #
<b>12. LOANS AND ADVANCES</b>				
<b>Unsecured, considered good</b>				
Capital Advances	610.68	-	68.22	-
Security Deposits	2,075.85	1,095.16	2,150.10	855.06
<b>Secured, considered good</b>				
Hypothecation loans	1,741,672.48	1,204,337.07	1,297,821.65	776,917.44
Retained interest on securitisation	31,172.67	21,172.94	6,489.41	2,783.28
Other loans	82.80	39.97	253.18	558.60
<b>Unsecured, considered good</b>				
Unsecured loans^	9,682.50	84,315.21	227.04	51,150.61
Advance - hypothecation loans	1,873.60	-	-	2,632.04
<b>Doubtful</b>				
Secured Hypothecation loans	98,709.97	-	68,231.05	-
Other loans	615.32	-	-	-
Unsecured loan	3,175.33	-	1,147.55	-

# Includes current maturities of long term loans and advances

^ Advance given to the Company in which a director is interested Rs. 136.29 lacs (March 31, 2012: Rs. 186.76 lacs)

(Rs. in lacs)

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	Non Current portion	Current portion #	Non Current portion	Current portion #
<b>12. LOANS AND ADVANCES (Contd.)</b>				
<b>Unsecured, considered good</b>				
Advance recoverable from subsidiaries [Refer note 28]*\$	-	438.50	41,023.88	521.88
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	38,514.99	4,087.71	29,302.36	14,136.72
Doubtful	36.14	-	-	-
<b>Secured, considered good</b>				
Securitisation Deferred Consideration Receivable	54,636.13	130,077.34	121,562.66	182,039.02
<b>Other loans and advances - Unsecured, considered good</b>				
Service tax credit (input) receivable	-	752.43	-	173.39
Prepaid expenses	362.13	901.41	771.07	2,937.29
Advance income tax (net of provision for taxation) [Refer Note 33] [net of provision for income tax Rs. 182,570.63 lacs (March 31, 2012: Rs. 110,273.83 lacs)]	4,940.91	-	3,923.15	-
	<b>1,988,161.50</b>	<b>1,447,217.74</b>	<b>1,572,971.32</b>	<b>1,034,705.33</b>

# Includes current maturities of long term loans and advances

\* Advance given to subsidiary M/s. Shriram Equipment Finance Company Limited Rs. 319.67 lacs (March 31, 2012: Rs. 41,023.88 lacs)

\$ Advance given to subsidiary M/s. Shriram Automall India Limited Rs. 118.83 lacs (March 31, 2012: Rs. 521.88 lacs)

(Rs. in lacs)

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	Non Current portion	Current portion	Non Current portion	Current portion
<b>13. OTHER ASSETS</b>				
<b>Unsecured, considered good</b>				
Margin money deposit with banks (Note 15)	14,217.60	-	7,311.12	-
Interest accrued on investments	-	1,148.20	268.65	1,476.40
Interest accrued on fixed deposits with banks	505.43	5,323.66	352.29	5,019.96
Public issue expenses for non convertible debentures	1,401.11	1,091.46	1,390.62	1,363.00
Issue expenses for equity shares	891.22	152.77	1,044.00	152.78
	<b>17,015.36</b>	<b>7,716.09</b>	<b>10,366.68</b>	<b>8,012.14</b>

							(Rs. in lacs)
		Face value (Rs.)	Quantity	Amount	Quantity	Amount	
			As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012	
<b>14.</b>	<b>CURRENT INVESTMENTS</b>						
	<b>Current portion of long term investments</b> (valued at cost unless otherwise mentioned)						
a)	<b>Quoted: Government Securities</b> [Refer note 27]						
	7.40% GOI Loan 2012	100	-	-	13,500	13.52	
	This security is redeemable on May 3, 2012 at par						
	12.40% GOI Loan 2013	100	85,000	85.03	-	-	
	This security is redeemable on August 20, 2013 at par						
	<b>Current Investments</b> (At lower of cost and fair value)						
a)	<b>Quoted: Government Securities</b>						
	8.69% Kerala 2022	100	-	-	1,000,000	978.18	
	(At cost less provision for diminution in value of Rs. 7.80 lacs (March 31, 2012 Rs. 31.60 Lacs) )						
	8.71% Andhra Pradesh 2022	100	-	-	1,000,000	984.78	
	(At cost less provision for diminution in value of Rs. 7.44 Lacs)						
	8.79% GOI Loan 2021	100	-	-	1,900,000	1,992.84	
	(At cost less provision for diminution in value of Rs. 0.70 Lacs)						
	8.83% GOI Loan 2041	100	-	-	4,000,000	4,024.83	
	9.02% Uttar Pradesh 2021	100	-	-	2,000,000	2,024.35	
	(At cost less provision for diminution in value of Rs. 13.60 Lacs (March 31, 2012 Rs. Nil) )						
	9.03% Kerala 2021	100	-	-	1,400,000	1,409.28	
	9.04% West Bengal 2021	100	-	-	100,000	104.56	
b)	<b>Unquoted: Investment in Certificate of Deposit with Banks</b>						
	Allahabad Bank		-	-	15,000	14,655.55	
	Andhra Bank		20,000	18,436.20	8,000	7,616.41	
	Axis Bank		30,000	29,229.36	5,000	4,876.10	
	Bank of Baroda		2,500	2,309.57	10,000	9,692.83	
	Bank of India		2,500	2,442.49	20,000	19,267.76	
	Bank of Maharashtra		-	-	19,900	19,403.88	
	Canara Bank		20,000	19,584.48	17,500	16,796.30	
	Central Bank of India		20,000	19,564.42	20,000	19,142.19	

	Face value (Rs.)	Quantity	Amount	Quantity	Amount
		As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>14. CURRENT INVESTMENTS (Contd.)</b>					
Corporation Bank	-	-		15,000	14,591.86
Federal Bank Limited	10,000	9,837.48		-	-
HDFC Bank Limited	5,000	4,900.71		-	-
ICICI Bank Limited	20,000	19,708.42		-	-
Industrial Development Bank of India Limited	20,000	19,583.62	25,000	23,609.72	
Indian Bank	20,000	19,205.82	20,000	19,880.77	
Indian Overseas Bank	-	-	7,500	7,150.62	
Indusind Bank Limited	20,000	19,563.69	2,500	2,435.28	
ING Vysya Bank	-	-	5,000	4,914.54	
Jammu & Kashmir Bank	-	-	10,000	9,755.75	
Karur Vysya Bank	20,000	19,590.16	5,000	4,885.60	
Oriental Bank of Commerce	-	-	10,500	9,896.59	
Punjab & Sindh Bank	-	-	20,000	19,527.29	
Punjab National Bank	11,000	10,818.19	18,000	17,438.95	
South Indian Bank	-	-	5,000	4,892.35	
State Bank of Bikaner & Jaipur	5,000	4,913.45	5,000	4,925.82	
State Bank of Mysore	-	-	17,500	16,931.18	
State Bank of Patiala	-	-	2,500	2,444.04	
State Bank of Travancore	-	-	7,500	7,308.43	
Syndicate Bank	20,000	19,130.18	15,000	14,631.92	
Tamil Nad Mercantile Bank	-	-	2,500	2,435.50	
UCO Bank	-	-	22,500	21,962.08	
Union Bank of India	-	-	2,000	1,949.02	
United Bank of India	40,000	39,135.10	5,000	4,866.54	
Vijaya Bank	20,000	19,621.26	-	-	
		<b>297,659.63</b>			<b>339,417.21</b>
<b>Aggregate Value of Quoted Investments</b>					
Cost of acquisition		85.03			11,711.02
Market Value		87.31			11,464.08
<b>Aggregate Value of Unquoted Investments</b>					
Cost of acquisition		297,574.59			327,884.85
<b>Aggregate Provision for diminution in value of investments</b>					178.66

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current portion	Non Current portion	Current portion
<b>15. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
i) Balances with scheduled banks in:				
Current accounts	-	374,352.42	-	209,486.14
Unpaid dividend accounts	-	629.22	-	499.39
Deposits with original maturity of less than three months	-	57,537.00	-	162,549.72
ii) Cheques on hand	-	4,997.28	-	5,384.45
iii) Cash on hand	-	9,478.19	-	4,827.08
	<b>-</b>	<b>446,994.11</b>	<b>-</b>	<b>382,746.78</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	290.80	-	6,023.93
Deposits with original maturity for more than 3 months but less than 12 months	-	24,735.24	-	4,348.70
Margin money deposit#	14,217.60	159,912.75	7,311.12	137,689.81
	<b>14,217.60</b>	<b>184,938.79</b>	<b>7,311.12</b>	<b>148,062.44</b>
<b>Amount disclosed under non-current assets</b> [Refer Note 13]	<b>(14,217.60)</b>		<b>(7,311.12)</b>	
	<b>-</b>	<b>631,932.90</b>	<b>-</b>	<b>530,809.22</b>

# Includes deposits of Rs. 151,893.09 lacs (March 31, 2012 : Rs. 120,293.42 lacs) pledged with Banks as margin for credit enhancement, Rs. 21,995.05 lacs (March 31, 2012: Rs. 22,750.21 lacs) as margin for guarantees for credit enhancement and Rs. 242.22 lacs (March 31, 2012: Rs. 1,957.31 lacs) pledged as lien against loans taken.

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>16. REVENUE FROM OPERATIONS</b>		
<b>Interest income on</b>		
- loan portfolio and related charges	432,726.05	343,631.35
- securitisation and direct assignment	187,231.65	209,345.42
- Margin money on securitisation/ assignments	12,819.22	12,180.87
- deposits with banks	1,576.39	4,938.00
- long- term investments	2,201.92	2,841.60
- current investments	2,995.36	6,299.16
<b>Other financial services</b>		
Income from Portfolio Management Services	269.82	-
Income from Commission Services	1,511.05	-
Bad debt recovery	572.33	611.01
Dividend on long- term investments [includes dividend from subsidiary Rs. 2.50 lacs (March 31, 2012: Rs. 1.50 lacs)]	3.00	2.00
Dividend on current investments	120.12	-
Profit on sale of current investments (net)	13,786.51	9,067.75
	<b>655,813.42</b>	<b>588,917.16</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>17. OTHER INCOME</b>		
Income from operating lease	9.94	10.02
Miscellaneous income	535.63	460.48
	<b>545.57</b>	<b>470.50</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>18. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, other allowances and bonus	35,947.12	34,106.52
Gratuity expenses	540.08	595.99
Contribution to provident and other funds	1,688.02	1,865.36
Expense on Employee Stock Option Scheme*	(86.69)	57.42
Staff welfare expenses	387.19	380.34
	<b>38,475.72</b>	<b>37,005.63</b>

\*Negative amount in the current year ended March 31, 2013 owing to forfeiture of options granted to employees in the past along with option lapse on expense were duly booked in the past over the vesting period of such options.

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>19. FINANCE COST</b>		
<b>Interest expense</b>		
Debentures	115,939.70	74,393.13
Subordinated debts	42,613.42	40,220.95
Fixed deposits	13,520.29	11,865.97
Loans from banks	83,308.85	97,315.54
Loans from institutions and others	4,950.72	5,110.15
Commercial paper	4,866.22	290.59
<b>Other borrowing costs</b>		
Professional charges - resource mobilisation	5,283.74	4,267.79
Processing charges on loans	1,166.33	1,815.94
Brokerage	9,475.59	6,624.06
Sourcing fees	620.39	398.56
Service charges	3,710.35	2,359.13
Amortisation of NCD Public issue expenses	1,578.01	1,458.74
	<b>287,033.61</b>	<b>246,120.55</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>20. OTHER EXPENSES</b>		
Rent	6,430.43	5,836.21
Electricity expenses	715.57	672.74
Repairs & maintenance		
- Buildings	1.68	0.91
- Others	912.01	1,211.88
Rates & taxes	361.50	164.95
Printing & stationery	1,821.41	1,412.37
Travelling & conveyance	2,836.22	3,527.86
Advertisement	578.00	252.79
Business Promotion	1,462.07	836.92
Royalty	1,780.99	1,572.22
Directors' sitting fees	7.49	9.85
Insurance	434.71	384.49
Communication expenses	2,562.04	2,573.92
Payment to auditor [Refer Note 32]		
As Auditor:		
- Audit fees	126.25	111.36
- Tax audit fees	7.21	5.31
- Out of pocket	6.10	4.29
In any other manner:		
- Certification	1.79	6.55

(Rs. in lacs)

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
<b>20. OTHER EXPENSES (Contd.)</b>		
Bank charges	3,267.86	2,828.54
Fees on sale of second loss credit / liquidity facilities	-	1,842.24
Processing charges on securitization	5.31	1,173.65
Professional charges on securitization	6,656.22	5,577.65
Legal & professional charges	2,060.27	2,193.94
Donations	499.50	539.55
Loss on sale of fixed assets (net)	47.11	42.40
Issue expenses for equity shares	152.78	152.78
Service charges	3,517.01	1,577.25
Miscellaneous expenses	6,061.34	5,482.14
	<b>42,312.87</b>	<b>39,994.76</b>

(Rs. in lacs)

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
<b>21. PROVISIONS &amp; WRITE OFFS</b>		
Provision for non performing assets	18,004.49	14,194.63
Provision for standard assets [Refer note (f) of note 2.1]	2,276.04	608.14
Provision for credit loss on securitisation	17,617.43	18,806.24
Provision for diminution in value of investments*	(178.66)	178.66
Bad debts written off	47,365.29	43,041.68
	<b>85,084.59</b>	<b>76,829.35</b>

\*Negative amount in the current year ended March 31, 2013 owing to provision for diminution in value of investments booked on current investments during previous year ended March 31, 2012 written back on sale in current year

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
<b>22. EARNINGS PER SHARE</b>		
Net Profit after tax as per statement of profit and loss (Rs. in lacs) (A)	136,062.01	125,744.96
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	2,268.32	2,262.04
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	2,268.50	2,263.85
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	59.98	55.59
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	59.98	55.54

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Weighted average number of equity shares for calculating Basic EPS (in lacs)	2,268.32	2,262.04
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	0.18	1.81
Weighted average number of equity shares in calculating Diluted EPS (in lacs)	2,268.50	2,263.85

## 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

### Statement of Profit and Loss

Net employee benefit expense (recognized in employee cost)

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	265.80	227.11
Interest cost on benefit obligation	116.01	72.29
Expected return on plan assets	NA	NA
Net actuarial (gain) / loss recognised in the year	158.27	306.76
Past service cost	Nil	Nil
<b>Net benefit expense*</b>	<b>540.08</b>	<b>606.16</b>

\* Net benefit expense includes Rs. 18.17 lacs (March 31, 2012: Rs. 10.17 lacs) transferred to/from subsidiary company.

### Balance sheet

Details of Provision for gratuity

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2013	March 31, 2012
Defined benefit obligation	1,760.07	1,364.76
Fair value of plan assets	NA	NA
	<b>1,760.07</b>	<b>1,364.76</b>
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability)</b>	<b>(1,760.07)</b>	<b>(1,364.76)</b>

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2013	March 31, 2012
Opening defined benefit obligation	1,364.76	903.67
Interest cost	116.00	72.29
Current service cost	265.80	227.11
Benefits paid	(144.76)	(145.07)
Actuarial (gains) / losses on obligation	158.27	306.76
<b>Closing defined benefit obligation</b>	<b>1,760.07</b>	<b>1,364.76</b>

## 23. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

The Company would not contribute any amount to gratuity in 2012-13 as the scheme is unfunded.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	Gratuity	
	March 31, 2013	March 31, 2012
	%	%
Investments with insurer	NA	NA

**The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:**

Particulars	Gratuity	
	March 31, 2013	March 31, 2012
Discount Rate	8.00%	8.50%
Increase in compensation cost	5.00%	5.00%
Employee Turnover*	5% and 10%	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*5% in case of employees with service period of more than 5 years and 10% for all other employees.

**Amounts for the Current period and previous four years are as follows:**

Particulars	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	1,760.07	1,364.76	903.67	612.63	463.92
Plan assets	NA	NA	NA	NA	NA
Surplus / (deficit)	(1,760.07)	(1,364.76)	(903.67)	(612.63)	(463.92)
Experience adjustments on plan liabilities	72.75	338.86	74.98	55.56	37.57
Experience adjustments on plan assets	NA	NA	NA	NA	NA

## 24. The Company is engaged in financing activities. It operates in a single business and geographical segment.

**25. EMPLOYEE STOCK OPTION PLAN**

	Series I	Series II	Series III	Series IV	Series V	Series VI
Date of grant	31-Oct-05	1-Apr-06	9-Oct-06	17-Aug-07	15-Jul-08	13-May-09
Date of Board/committee Approval	19-Oct-05	22-Feb-06	6-Sep-06	17-Aug-07	15-Jul-08	13-May-09
Date of Shareholder's approval	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05
Number of options granted	2,962,500	832,500	910,000	109,000	77,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity
Graded Vesting Period						
After 1 year of grant date	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.					

The details of Series I have been summarized below:

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	81,900	35.00	115,100	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	10,400	35.00	33,200	35.00
Less: Expired during the period	71,500	-	-	-
Outstanding at the end of the period	-	-	81,900	35.00
Exercisable at the end of the period	-	-	81,900	-
Weighted average remaining contractual life (in years)	5.09		6.09	
Weighted average fair value of options granted	59.04		59.04	

**25. EMPLOYEE STOCK OPTION PLAN (Contd.)**

	<b>As at March 31, 2013</b>		<b>As at March 31, 2012</b>	
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price (Rs.)</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price (Rs.)</b>
<b>The details of Series II have been summarized below:</b>				
Outstanding at the beginning of the period	13,500	35.00	24,000	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	6,000	35.00	10,500	35.00
Less: Expired during the period	7,500	35.00	-	-
Outstanding at the end of the period	-	-	13,500	35.00
Exercisable at the end of the period	-	-	13,500	-
Weighted average remaining contractual life (in years)		5.49		6.49
Weighted average fair value of options granted		91.75		91.75

**The details of Series III have been summarized below:**

Outstanding at the beginning of the period	39,050	35.00	55,250	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	11,400	35.00	16,200	35.00
Less: Expired during the period	23,650	-	-	-
Outstanding at the end of the period	4,000	35.00	39,050	35.00
Exercisable at the end of the period	4,000	-	39,050	-
Weighted average remaining contractual life (in years)		6.01		7.01
Weighted average fair value of options granted		74.85		74.85

**The details of Series IV have been summarized below:**

Outstanding at the beginning of the period	-	35.00	42,400	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	-	-	42,400	-
Less: Expired during the period	-	-	-	-
Outstanding at the end of the period	-	35.00	-	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		6.88		7.88
Weighted average fair value of options granted		136.40		136.40

**25. EMPLOYEE STOCK OPTION PLAN (Contd.)**

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
<b>The details of Series V have been summarized below:</b>				
Outstanding at the beginning of the period	28,400	35.00	53,900	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	23,600	35.00	25,500	35.00
Less: Expired during the period	4,800	-	-	-
Outstanding at the end of the period	-	35.00	28,400	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		7.78		8.78
Weighted average fair value of options granted		253.90		253.90

**The details of Series VI have been summarized below:**

Outstanding at the beginning of the period	32,900	35.00	45,000	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	11,100	35.00	12,100	35.00
Less: Expired during the period	7,000	35.00	-	-
Outstanding at the end of the period	14,800	35.00	32,900	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		8.60		9.60
Weighted average fair value of options granted		201.45		201.45

The weighted average share price for the period over which stock options were exercised was Rs. 660.98 (March 31, 2012: Rs. 614.98)

**25. EMPLOYEE STOCK OPTION PLAN (Contd.)**

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
<b>The details of exercise price for stock options outstanding at the end of the year are:</b>				
<b>March 31, 2013</b>				
Series I	Rs. 35/-	-	5.09	Rs. 35/-
Series II	Rs. 35/-	-	5.49	Rs. 35/-
Series III	Rs. 35/-	4,000	6.01	Rs. 35/-
Series IV	Rs. 35/-	-	6.88	Rs. 35/-
Series V	Rs. 35/-	-	7.78	Rs. 35/-
Series VI	Rs. 35/-	14,800	8.60	Rs. 35/-

**The details of exercise price for stock options outstanding at the end of the year are:**

March 31, 2012	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	Rs. 35/-	81,900	6.09	Rs. 35/-
Series II	Rs. 35/-	13,500	6.49	Rs. 35/-
Series III	Rs. 35/-	39,050	7.01	Rs. 35/-
Series IV	Rs. 35/-	-	7.88	Rs. 35/-
Series V	Rs. 35/-	28,400	8.78	Rs. 35/-
Series VI	Rs. 35/-	32,900	9.60	Rs. 35/-

**Stock Options granted**
**Series I:**

The weighted average fair value of stock options granted was Rs. 59.04. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Weighted average share price (Rs.)	93.30	93.30	93.30	93.30
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

## 25. EMPLOYEE STOCK OPTION PLAN (Contd.)

### Series II:

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	130.10	130.10	130.10	130.10
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

### Series III:

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	111.25	111.25	111.25	111.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

### Series IV:

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2007	2008	2009	2010
Weighted average share price (Rs.)	168.05	168.05	168.05	168.05
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

## 25. EMPLOYEE STOCK OPTION PLAN (Contd.)

### Series V:

The weighted average fair value of stock options granted was Rs. 253.90. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2008	2009	2010	2011
Weighted average share price (Rs.)	294.50	294.50	294.50	294.50
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	69.22	69.22	69.22	69.22
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63

### Series VI:

The weighted average fair value of stock options granted was Rs. 201.45. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2009	2010	2011	2012
Weighted average share price (Rs.)	245.25	245.25	245.25	245.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

## 25. EMPLOYEE STOCK OPTION PLAN (Contd.)

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	(86.69)	57.42
Liability for employee stock options outstanding as at year end	34.00	240.58
Deferred compensation cost	0.90	16.06

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:**

In March 2005, ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(Rs. in lacs)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Profit as reported (Rs. in lacs)	136,062.01	125,744.96
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	(86.69)	57.42
Less: Employee stock compensation under fair value method (Rs. in lacs)	(80.20)	52.14
Proforma profit (Rs. in lacs)	136,055.52	125,750.24
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	59.98	55.59
- Proforma	59.98	55.54
<b>Diluted (Rs.)</b>		
- As reported	59.98	55.54
- Proforma	59.98	55.50
Nominal Value (Rs.)	10.00	10.00

## 26. LEASES

### In case of assets taken on lease

The Company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 6,430.43 lacs (March 31, 2012: Rs. 5,836.21 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 144 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

	(Rs. in lacs)	As at March 31, 2013	As at March 31, 2012
<b>Minimum Lease Payments:</b>			
Not later than one year	927.56	1,349.20	
Later than one year but not later than five years	655.80	441.39	
Later than five years	52.29	10.07	

## 27.

**In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 24,161.00 lacs (March 31, 2012: Rs. 21,674.50 lacs) in favour of trustees representing the public deposit holders of the Company.**

## 28.

### RELATED PARTIES DISCLOSURE

#### Related party where control exists

Subsidiary	:	Shriram Equipment Finance Company Limited (SEFCL) Shriram Automall India Limited (SAIL) Shriram Insurance Broking Company Limited (SIBCL) (from January 01, 2013)
------------	---	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------

#### Other related parties

Enterprises having significant influence over the Company	:	Shriram Holdings (Madras) Private Limited (upto November 05, 2012) Shriram Capital Limited
-----------------------------------------------------------	---	-----------------------------------------------------------------------------------------------

Newbridge India Investments II Limited

Shriram Ownership Trust

Shriram Financial Ventures (Chennai) Private Limited  
(w.e.f. August 31, 2012)

Associates	:	Shriram Asset Management Company Limited
------------	---	------------------------------------------

Key Managerial Personnel	:	Mr. Umesh Revankar, Managing Director (with effect from April 01, 2012)
--------------------------	---	----------------------------------------------------------------------------

Mr. R Sridhar, Managing Director (upto March 31, 2012)

Relatives of Key Managerial Personnel	:	Mrs. Suchita U. Revankar (spouse)
---------------------------------------	---	-----------------------------------

Master Shirish U. Revankar (son)

Master Shreyas U. Revankar (son)

Mrs. Geeta G. Revankar (mother)

Mrs. Padmapriya Sridhar

(spouse of Mr. R Sridhar) (upto March 31, 2012)

## 29. RELATED PARTIES DISCLOSURE (Contd.)

	Enterprises having significant influence over the company	Associates			Key Managerial Personnel(Managing Director, Whole time director, manager and other managerial personnel)			Relative of Key Managerial Personnel			Total
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	
<b>Payments/Expenses</b>											
Employee Benefits for key management personnel <sup>β</sup>	-	-	-	-	-	-	-	43.56	53.60	-	43.56
Royalty	1,780.99	\$ 1,572.22	\$ -	-	-	-	-	-	-	-	1,780.99
Data Sourcing Fees	620.39	\$ 398.56	\$ -	-	-	-	-	-	-	-	620.39
Service Charges paid to Shriram Ownership Trust	3,722.35	\$ 2,360.72	\$ -	-	-	-	-	-	-	-	3,722.35
Service Charges paid to Shriram Capital Limited	3,517.01	* 1,577.25	* -	-	-	-	-	-	-	-	3,517.01
Business Promotion	-	100.96	* -	-	-	-	-	-	-	-	-
Equity Dividend Paid <sup>Ω</sup>	-	-	-	-	-	-	-	1.52	4.71	-	2.63
- Shriram Holdings (Madras) Private Limited	-	6,069.15	# -	-	-	-	-	-	-	-	-
- Shriram Capital Limited	1,755.08	* 37.13	* -	-	-	-	-	-	-	-	1,755.08
Non convertible Debenture Matured <sup>Ω</sup>	-	-	-	-	-	-	-	-	-	-	-
Interest on Fixed Deposit	-	-	-	-	-	-	-	-	-	-	-
Interest on Subordinate Debt	-	-	-	-	-	76.30	68.27	-	1.48	0.04	0.86
Interest on Non convertible Debenture	-	-	-	-	-	0.62	-	-	1.30	1.18	-
Investment in Equity shares <sup>Ω</sup>	-	-	0.01	! 2,000.00	@ -	-	-	-	-	-	0.01
Investment in Preference shares <sup>Ω</sup>	-	-	-	10,00,000.00	& 100.00	-	-	-	-	-	100,000.00
Employee Benefits Paid <sup>Ω</sup>	1724	* -	86.90	@ 113.27	@ -	-	-	-	-	-	104.14
Rent paid	-	-	83.10	@ -	-	2.26	1.36	-	-	-	85.36
Interest paid on Unsecured Loan	-	-	26.45	@ -	-	-	-	-	-	-	26.45

## 29. RELATED PARTIES DISCLOSURE (Contd.)

	Enterprises having significant influence over the company	Associates		Key Managerial Personnel(Managing Director, Whole time director, manager and other managerial personnel)		Relative of Key Managerial Personnel		Total	
		March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013
Business Mobilisation Expenses	-	155.15 @	-	-	-	-	-	155.15	-
Staff Cost	-	78.07 @	1,060.04 @	-	-	-	-	78.07	1,060.04
Registration & Filing Fees	-	-	73.98 &	-	-	-	-	-	73.98
Other Administrative Expenses	-	1.40 !	-	-	-	-	-	1.40	-
- Shriram Insurance Broking Company Limited	-	16.36 &	-	-	-	-	-	16.36	-
- Shriram Equipment Finance Company Limited	-	-	9.94 @	-	-	-	-	-	9.94
- Shriram Autonall India Limited	-	-	14.25 @	-	-	-	-	14.25	-
Advertisement	-	-	0.37 @	-	-	-	-	0.37	-
Business Promotion	-	-	1.46 @	-	-	-	-	1.46	-
Electricity	-	-	-	1.12 @	-	-	-	-	1.12
Printing & Stationery	-	-	-	27.54 @	-	-	-	-	27.54
Repair & Maintenance	-	-	-	-	4.84 @	-	-	-	4.84
Staff Welfare	-	-	-	-	3.89 @	-	-	-	3.89
Telephone & Telex	-	-	-	-	34.20 @	-	-	-	34.20
Travelling & Conveyance	-	-	-	-	-	-	-	-	-
Unsecured Loan Given @	-	0.15 !	-	-	-	-	-	0.15	-
- Shriram Insurance Broking Company Limited	-	-	-	-	-	-	-	-	29,463.91
- Shriram Equipment Finance Company Limited	-	-	-	-	-	-	-	-	-
- Shriram Capital Limited	34,500.00 *	31,500.00 *	-	-	-	-	-	-	34,500.00
									31,500.00

## 29. RELATED PARTIES DISCLOSURE (Contd.)

	Enterprises having significant influence over the company						(Rs. in lacs)					
	March 31, 2013		March 31, 2012		Subsidiaries		Associates		Key Managerial Personnel(Managing Director, Whole time director, manager and other managerial personnel)		Relative of Key Managerial Personnel	
	March	March	March	March	March	March	March	March	March	March	March	March
<b>Receipts/Income</b>												
Expenses												
- Shriram Autonall India Limited	-	171.85	@ 233.01	-	-	-	-	-	-	-	171.85	233.01
- Shriram Equipment Finance Company Limited	-	249.12	& 167.36	&	-	-	-	-	-	-	249.12	167.36
Unsecured loan Repaid µ												
- Shriram Capital Limited	37,000.00	*	32,700.00	*	-	-	-	-	-	-	37,000.00	32,700.00
- Shriram Autonall India Limited	-	-	673.08	@ 3,420.33	@	-	-	-	-	-	673.08	3,420.33
- Shriram Equipment Finance Company Limited	-	-	40,897.24	& 975.00	@	-	-	-	-	-	40,897.24	-
Unsecured loan Received µ	-	-	975.00	@	-	-	-	-	-	-	975.00	-
Interest Received on Unsecured Loan	1,167.43	*	607.52	*	-	-	-	-	-	-	1,167.43	607.52
- Shriram Autonall India Limited	-	-	-	190.48	@	-	-	-	-	-	-	190.48
- Shriram Equipment Finance Company Limited	-	-	2,213.71	& 2,590.04	&	-	-	-	-	-	2,213.71	2,590.04
Rent & Electricity	15.17	*	7.88	*	17.59	@	-	5.40	5.40	-	38.16	13.28
Employee Benefits Received µ	-	-	18.61	@	-	-	-	-	-	-	18.61	-
Non convertible Debenture µ	-	-	-	-	-	-	-	-	-	-	2.38	-
Dividend on Preference Share	-	-	2.50	& 1.50	&	-	-	-	-	-	2.50	1.50
Application money of Non convertible Debenture µ	-	-	-	-	-	-	-	-	-	-	0.50	10.00
Guarantee given by the company to third parties												
- Shriram Autonall India Limited	-	-	(1,000.00)	@	-	-	-	-	-	-	-	(1,000.00)
- Shriram Equipment Finance Company Limited	-	-	(29,900.00)	&	-	-	-	-	-	-	-	(29,900.00)

## 29. RELATED PARTIES DISCLOSURE (Contd.)

	(Rs. in lacs)					
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
<b>Balance Outstanding at the year end</b>						
Share Capital	-	-	-	-	5.08	5.34
- Shriram Holdings (Madras) Private Limited	9,337.15 #	-	-	-	-	-
- Shriram Capital Limited	5,850.28 *	990.68 *	-	-	-	5,850.28
Investment in Equity shares	-	-	240.00	240.00	-	240.00
- Shriram Insurance Broking Company Limited	-	0.01	-	-	-	0.01
- Shriram Autonall India Limited	-	3,000.00 @	3,000.00 @	-	-	3,000.00
- Shriram Equipment Finance Company Limited	-	1,000.00 &	1,000.00 &	-	-	1,000.00
Investment in Preference shares	-	25,000.00 &	25,000.00 &	100.00	-	25,100.00
Unsecured loan Receivable	-	2,500.00 *	-	-	-	-
- Shriram Insurance Broking Company Limited	-	1.55	-	-	-	1.55
- Shriram Autonall India Limited	-	118.83 @	493.17 @	-	-	118.83
- Shriram Equipment Finance Company Limited	-	-	40,722.11 &	-	-	40,722.11
Unsecured loan payable	-	975.00 @	-	-	-	975.00
- Shriram Autonall India Limited	-	175.12 &	-	-	-	175.12
- Shriram Equipment Finance Company Limited	-	42.42 @	-	-	-	42.42
Amount payable towards Capital Advance	-	30.11 *	-	-	-	30.11
Interest Receivable on Unsecured Loan	-	-	-	-	-	-
- Shriram Autonall India Limited	-	-	28.70 @	-	-	28.70
- Shriram Equipment Finance Company Limited	-	319.67 &	301.78 &	-	-	319.67
Expenses Recoverable	-	-	-	-	-	-
- Shriram Autonall India Limited	-	16.64 @	139.93 @	-	-	16.64
- Shriram Equipment Finance Company Limited	-	24.84 &	25.05 &	-	-	24.84
Non convertible Debenture	-	-	-	6.00	14.74	7.09
Interest payable on Non convertible Debenture	-	-	-	-	1.03	-

## 29. RELATED PARTIES DISCLOSURE (Contd.)

	(Rs. in lacs)					
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rent Receivable	0.94 *	-	-	-	-	-
Outstanding expenses	1,881.19 \$ 1,056.80 \$	-	-	-	-	-
Fixed Deposit	-	-	-	-	-	1.02 -
Interest payable on Fixed Deposit	-	-	-	-	-	0.30 -
Subordinated debt	-	-	-	413.40	413.40	12.31 0.30
Interest payable on subordinated debt	-	-	-	270.57	201.91	2.59 1.50
Guarantee given by Company						
- Shriram Autonall India Limited	-	-	400.00 @	400.00	-	-
- Shriram Equipment Finance Company Limited	-	-	100.00 &	100.00 &	-	-
Denotes transaction with Shriram Capital Limited		*				
Denotes transaction with Shriram Ownership Trust		\$				
Denotes transaction with Shriram Holdings (Madras) Private Limited		#				
Denotes transaction with Shriram Equipment Finance Company Limited. (SEFCCL)		&				
Denotes transaction with Shriram Autonall India Limited (SAIL)		@				
Denotes transaction with Shriram Insurance Broking Company Limited (SIBCL)		!				

β As the liabilities for gratuity & leave encashment are provided on actuarial basis for the company as a whole, the amount pertaining to the above are not included.  
 ♀ Denotes payments  
 μ Denotes receipts

**29. CONTINGENT LIABILITIES NOT PROVIDED FOR**

	(Rs. in lacs)	
	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
a. In respect of Income tax demands/ESOP disallowance where the Company has filed appeal before CIT(Appeals)	46,689.12	5,691.53
b. MVAT demand where the Company has filed appeal before Tribunal	1,843.09	-
c. Guarantees and Counter Guarantees	226,750.85	232,998.60
d. Guarantees given for subsidiaries	500.00	500.00

Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals.

Commitments not provided for	(Rs. in lacs)	
	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
a. Estimated amount of contracts remaining to be executed on capital account	382.71	858.68
b. Uncalled amount in investment in ICICI Investment Management Company Limited	1,626.85	2,000.00
c. Uncalled amount in investment in Shriram Insurance Broking Company Limited (SIBCL)	49.99	-

## 30. SECURITISATION/ DIRECT ASSIGNMENT

The Company sells loans through securitisation and direct assignment.

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
Total number of loan assets under par structure	216,084	152,029
Total book value of loan assets	780,379.62	323,044.35
Sale consideration received	780,379.62	323,044.35

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
No. of SPVs sponsored by the company for securitisation transactions	34	15
Total amount of securitised assets as per the books of SPVs sponsored by the company	943,519.90	387,170.82
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	751.25	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	38,354.45	-
Investment in PTC	37,112.85	-
Amount of exposures to securitisation transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	1,207.00	4,227.00
Others	43,955.46	29,304.33
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitisations		
First Loss	11,462.58	17,504.66
Others	36,045.91	19,831.68
ii) Exposures to third party securitisations		
First Loss	-	-
Others	-	-

### 30. SECURITISATION/ DIRECT ASSIGNMENT (Contd.)

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
Total number of loan assets under par structure	51,920	178,134
Total book value of loan assets	98,050.69	494,919.03
Sale consideration received	98,050.69	494,919.03

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
No. of transactions assigned by the Company	70	72
Total amount outstanding	838,866.02	1,351,159.71
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	9,805.07	-
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	36,749.49	37,459.49
Others	134,145.21	144,263.27
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	33,577.52	42,354.78
Others	12,268.12	14,701.09
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

## 30. SECURITISATION/ DIRECT ASSIGNMENT (Contd.)

The information on direct assignment of the Company as an originator in respect of premium transaction done during the year is given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
Total number of loan assets under par structure	-	6,489
Total book value of loan assets	-	16,650.06
Sale consideration received	-	20,993.76

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
No. of transactions assigned by the Company	13	15
Total amount outstanding	32,801.82	84,283.47
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	6,168.20	6,168.20
Others	17,280.63	14,834.28
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	19,884.27	23,195.10
Others	5,727.93	11,978.78
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

- 31.** Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	As at March 31, 2013	As at March 31, 2012
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

- 32.** In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non convertible debentures of Rs. 53.38 lacs (March 31, 2012: Rs. 44.24 lacs) [including out of pocket expenses of Rs. 0.46 lacs (March 31, 2012: Rs. 0.12 lacs)] have been amortised as per note 13 and shown under other assets.

**33. MERGER OF SHIRIRAM HOLDINGS (MADRAS) PRIVATE LIMITED ['SHMPL'] WITH THE COMPANY**

- (a) On December 21, 2011, the Board of Directors of the Company have approved the merger SHMPL with the Company. In terms of the Scheme of Amalgamation & Arrangement (Scheme) approved by Hon'ble High Court of Madras vide order dated September 13, 2012 and subsequent filing thereof with the Registrar of Companies ('ROC'), Tamil Nadu dated November 05, 2012, Shriram Holdings (Madras) Private Limited ("SHMPL"), an Investment company has been amalgamated with the Company with effect from April 01, 2012. The scheme was effective only after the filing thereof with ROC, Tamil Nadu and had an appointed date of April 01, 2012.
- (b) Prior to the merger, SHMPL held 93,371,512 shares of the Company.
- (c) The amalgamation has been accounted for under the "Purchase method" as prescribed by "Accounting Standard 14 (AS-14) Accounting for Amalgamation" notified under Companies (Accounting Standards) Rules, 2006 (as amended).
- (d) In accordance with the said Scheme:
  - i. All the assets (other than shares of the Company held by "SHMPL" of the Company), debts, liabilities, duties and obligations of SHMPL have been vested in the Company with effect from April 01, 2012 and have been recorded at their respective Fair values under the purchase method of accounting for amalgamation. There were no difference in the accounting policies of "SHMPL" and the Company except in case of valuation of quoted mutual fund investments, where SHMPL values the investment at cost or market whichever is less and the company values them at fair value as required Non-Banking Financial ( Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
  - ii. Exchange ratio determined at 313:124 (i.e. 313 equity shares of Rs. 10/- each of the Company for every 124 equity shares of Rs. 10/- each of "SHMPL" and these equity shares ranking pari-passu with the existing equity shares of the Company.
  - iii. Additional issue of 500,868 equity shares to the shareholders of SHMPL, pursuant to Net Assets taken over by SHMPL over by the Company.
  - iv. In accordance with the said scheme, excess of the Net Assets Value taken over by the Company vis-a-vis additional equity shares issued has been transferred to capital reserves.
  - v. Details of Net Assets taken over and transfer to Capital reserve is as under:

<b>Amount in Rupees</b>		
<b>Fair Value of the asset:</b>		
- Investment	264,510,406.00	
- Cash	200.00	
- Bank	11,460,048.00	
- Other Asset (Advance tax)	3,534,271.00	
Less: Liabilities (creditors)	(17,500.00)	
<b>Fair Value of Net asset taken over</b>		<b>279,487,425.00</b>
<b>Less:</b>		
Additional issue of equity share (500,868 equity shares of Rs. 10/- each)		(5,008,680.00)
<b>Amount taken to capital reserves on amalgamation</b>		<b>274,478,745.00</b>

**34. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)**

(Rs. in lacs)

Particulars	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Professional Fees Paid	0.83	-
<b>Total</b>	<b>0.83</b>	-

**34. PREVIOUS YEAR COMPARATIVES**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current years presentation.

As per our report of even date  
For **S.R.BATLIBOI & Co. LLP**  
ICAI Firm Registration No. 301003E  
*Chartered Accountants*

per Viren H. Mehta  
*Partner*  
Membership No. 048749  
  
Mumbai  
May 07, 2013

For **G. D. Apte & Co.**  
ICAI Firm Registration No. 100515W  
*Chartered Accountants*

C. M. Dixit  
*Partner*  
Membership No. 017532

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

Umesh Revankar  
*Managing Director*  
  
R Sridhar  
*Director*  
  
Vivek M. Achwal  
*Company Secretary*

**AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007**

	(Rs. in lacs)	
	<b>Amount outstanding</b>	<b>Amount overdue</b>
<b>Liabilities side :</b>		
<b>1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
(a) Debenture : Secured	1,306,170.66	5,402.65 #
: Unsecured	158,075.01	NIL
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	1,072,862.17	NIL
(d) Inter-corporate loans and borrowing	975.00	NIL
(e) Commercial Paper	37,053.74	NIL
(f) Public Deposits*	146,635.23	1,246.86 #
(g) Other Loans - Subordinate Debts	424,753.07	3,752.38 #
- Cash Credit	98,355.94	NIL
- Corporate Loan	5,000.00	NIL
*Please see Note 1 below		
<b>2. Break-up of (1)(f) above</b>		
(Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	NIL	NIL
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	NIL	NIL
(c) Other public deposits	146,635.23	1,246.86
*Please see Note 1 below		
# Represent amounts unclaimed		
<b>Assets side :</b>		
<b>3. Break-up of Loans and Advances including bills receivables</b>		
(other than those included in (4) below):		
(a) Secured	738.09	
(b) Unsecured	97,173.04	
<b>4. Break up of Leased Assets and stock on hire counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	NIL	
(b) Operating lease	NIL	
(ii) Stock on Hire including hire charges under sundry debtors :		
(a) Assets on hire	NIL	
(b) Repossessed Assets	NIL	
(iii) Other loans counting towards AFC Activities :		
(a) Loans where assets have been repossessed	17,895.49	
(b) Loans other than (a) above	3,028,697.64	

**AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007 (Contd.)**

**AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007 (Contd.)**

**6. Borrower group-wise classification of assets, financed as in (3) and (4) above :**

Please see Note 2 below

(Rs. in lacs)

Category	Amount ( Net of provisions )		
	Secured	Unsecured	Total
<b>1. Related Parties **</b>			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
<b>2. Other than related parties</b>	2,972,170.15	93,997.70	3,066,167.85

**7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Please see note 3 below

Category	Amount ( Net of provisions )	
	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
<b>1. Related Parties **</b>		
(a) Subsidiaries	42,971.18	29,000.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	954.40	340.00
<b>2. Other than related parties</b>	327,064.33	326,978.19

\* Disclosure is made in respect of available information.

\*\* As per Accounting Standard of ICAI (Please see Note 3)

**8. Other information**

Particulars	Amount
<b>(I) Gross Non-Performing Assets</b>	
(a) Related parties	NIL
(b) Other than related parties	102,536.77
<b>(ii) Net Non-Performing Assets</b>	
(a) Related parties	NIL
(b) Other than related parties	24,164.22
<b>(iii) Assets acquired in satisfaction of debt</b>	NIL

**Notes :**

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

Particulars	(Rs. in lacs)	
	<b>Shriram Equipment Finance Company Limited</b>	<b>Shriram Automall India Limited</b>
Capital	26,000.00	3,000.00
Reserves	14,202.43	(26.49) *
Total Assets	307,145.34	4,988.81
Total Liabilities	266,942.91	2,015.30
Investment included in total assets	-	-
Turnover	40,503.04	7,535.46
Profit before taxation	13,223.69	1,425.72
Provision for taxation	4,290.47	29.70
Profit after taxation	8,933.22	1,396.02
Dividend Including dividend distribution tax	2.91	-

\* Represents debit balance in the Statement of Profit and loss



## FINANCIAL SECTIONS CONSOLIDATED

**Contents**

**CONSOLIDATED FINANCIAL SECTION**

---

INDEPENDENT AUDITOR'S REPORT	133
BALANCE SHEET	134
STATEMENT OF PROFIT & LOSS	135
CASH FLOW STATEMENT	136
NOTES	138

---

To,  
 The Board of Directors of

**SHIRIRAM TRANSPORT FINANCE COMPANY LIMITED**

We have audited the accompanying consolidated financial statements of Shriram Transport Finance Company Limited ("the Company") its subsidiaries (Shriram Equipment Finance Company Limited and Shriram Automall India Limited) and associate (Shriram Asset Management Company Limited), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation

of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matter**

We did not jointly audit the financial statements of Subsidiaries, whose financial statements reflect total assets of Rs. 310,942 lacs as at March 31, 2013, the total revenue of Rs. 47,789 lacs and net cash inflows amounting to Rs. 43,139 lacs for the year then ended. The financial statements of the subsidiaries, Shriram Equipment Finance Company Limited and Shriram Automall India Limited have been audited by S.V. Ghatalia & Associates LLP, Chartered Accountants and G. D. Apte & Co. Chartered Accountants, respectively, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on reports of respective auditors. We did not audit the financial statements of associate company, Shriram Asset Management Company Limited whose financial statements reflect Company's share of net loss after tax of Rs. 46 lacs for the year ended March 31, 2013. These financial statements and other financial information have been audited by other auditors' whose report has been furnished to us, and our opinion is based solely on the report of other auditors'. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 301003E

For **G. D. Apte & Co.**

*Chartered Accountants*

ICAI Firm Registration Number: 100515W

per **Viren H. Mehta**

*Partner*

Membership Number: 048749

**C.M.Dixit**

*Partner*

Membership Number: 017532

Place of Signature: Mumbai

Date: May 07, 2013

(Rs. in lacs)

Particulars	Note No	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	22,688.78	22,632.46
(b) Reserves and surplus	4	711,098.38	580,631.65
		<b>733,787.16</b>	<b>603,264.11</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	2,004,337.45	1,516,025.12
(b) Other Long term liabilities	6	130,379.66	183,804.08
(c) Long term provisions	7	153,453.34	137,648.48
		<b>2,288,170.45</b>	<b>1,837,477.68</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	459,581.10	347,613.74
(b) Trade payables		76,122.53	59,699.89
(c) Other current liabilities	6	1,178,076.22	828,162.25
(d) Short-term provisions	7	29,223.71	27,566.90
		<b>1,743,003.56</b>	<b>1,263,042.78</b>
<b>Total</b>		<b>4,764,961.17</b>	<b>3,703,784.57</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		6,921.85	5,007.77
(ii) Intangible assets		300.42	358.43
(iii) Intangible assets under development		4.10	-
(b) Non-current investments	10	30,365.84	27,207.81
(c) Deferred tax assets (net)	11	28,712.53	21,833.97
(d) Long-term loans and advances	12	2,164,665.10	1,652,865.08
(e) Other non-current assets	13	17,016.52	10,368.31
		<b>2,247,986.36</b>	<b>1,717,641.37</b>
<b>(2) Current assets</b>			
(a) Current investments	14	297,659.63	339,417.21
(b) Inventories	15	-	92.88
(c) Trade receivables	16	0.49	25.80
(d) Cash and bank balances	17	635,172.69	532,180.71
(e) Short-term loans and advances	12	1,576,425.79	1,106,414.44
(f) Other current assets	13	7,716.21	8,012.16
		<b>2,516,974.81</b>	<b>1,986,143.20</b>
<b>Total</b>		<b>4,764,961.17</b>	<b>3,703,784.57</b>

Significant Accounting Policies 2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For S.R.BATLIBOI & Co. LLP  
ICAI Firm Registration No. 301003E  
Chartered Accountantsper Viren H. Mehta  
Partner  
Membership No. 048749  
  
Mumbai  
May 07, 2013For G. D. Apte & Co.  
ICAI Firm Registration No. 100515W  
Chartered AccountantsC. M. Dixit  
Partner  
Membership No. 017532For and on behalf of the Board of Directors of  
Shriram Transport Finance Company LimitedUmesh Revankar  
Managing Director  
  
Vivek M. Achwal  
Company SecretaryR Sridhar  
Director

Particulars	Note No	Year Ended March 31, 2013	(Rs. in lacs)
			Year Ended March 31, 2012
<b>INCOME</b>			
Revenue from operations	18	701,442.87	617,874.01
Other income	19	152.93	71.96
<b>Total</b>		<b>701,595.80</b>	<b>617,945.97</b>
<b>EXPENDITURE</b>			
Adjustment due to decrease/(increase) in inventory of vehicles	36	96.11	1,197.50
Purchase of vehicles		-	4,443.59
Refurbishment expenses		2.41	202.17
Employee benefit expenses	20	43,876.86	40,759.57
Finance cost	21	305,372.78	253,174.80
Depreciation and amortisation	9	2,271.24	1,737.39
Other expenses	22	46,486.41	43,106.82
Provisions & write offs	23	87,223.96	77,572.81
<b>Total</b>		<b>485,329.77</b>	<b>422,194.65</b>
<b>Profit before taxation</b>		<b>216,266.03</b>	<b>195,751.32</b>
<b>Provision for taxation</b>			
Current tax		76,944.13	71,293.28
Less: MAT credit entitlement		(188.29)	-
Deferred tax	11	(6,878.58)	(6,417.28)
<b>Total tax expense / (income)</b>		<b>69,877.26</b>	<b>64,876.00</b>
<b>Profit after tax from continuing operations</b>		<b>146,388.77</b>	<b>130,875.32</b>
Share of Profit / (Loss) of Associate		(45.98)	6.00
<b>Net profit after taxes and Share of Profit of Associate</b>		<b>146,342.79</b>	<b>130,881.32</b>
<b>Earnings per share</b>	<b>24</b>		
Basic (Rs.)		64.52	57.86
Diluted (Rs.)		64.51	57.81
Nominal value of equity share (Rs.)		10.00	10.00
Significant Accounting Policies	2.1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
 ICAI Firm Registration No. 301003E  
*Chartered Accountants*

per Viren H. Mehta  
*Partner*  
 Membership No. 048749  
  
 Mumbai  
 May 07, 2013

For **G. D. Apte & Co.**  
 ICAI Firm Registration No. 100515W  
*Chartered Accountants*

C. M. Dixit  
*Partner*  
 Membership No. 017532

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

Umesh Revankar  
*Managing Director*  
  
 Vivek M. Achwal  
*Company Secretary*

R Sridhar  
*Director*

(Rs. in lacs)

Particulars	March 31, 2013	March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	216,266.03	195,751.32
Depreciation and amortisation	2,271.24	1,737.39
Loss / (profit) on sale of fixed assets (net)	55.24	42.32
Provision for diminution in value of investments	(178.66)	178.66
Employees Stock option compensation cost	(86.69)	57.42
Premium on Government Securities	0.80	0.64
Amortisation of Discount on Government Securities	(74.82)	(73.14)
Amortisation of Issue expenses for equity shares	152.78	152.78
Amortisation of Public issue expenses for non convertible debentures	1,578.01	1,458.74
Provision for credit loss on securitisation	17,617.43	18,806.24
Provisions for non performing assets and bad debt written off	67,238.28	57,658.25
Provisions for standard assets	2,546.91	929.66
Provision for gratuity	466.95	547.26
Provision for non moving inventory	(3.23)	3.23
Provision for doubtful advance	-	16.17
Provision for leave encashment	263.01	172.50
<b>Operating profit before working capital changes</b>	<b>308,113.28</b>	<b>277,439.44</b>
<b>Movements in working capital:</b>		
Increase / (decrease) in trade payable	16,422.47	11,407.45
Increase / (decrease) in provisions	(23,064.97)	1,929.27
Increase / (decrease) in provision for service tax- contested	26.36	345.71
Increase / (decrease) in other liabilities	(29,026.73)	(66,463.53)
Decrease / (increase) in trade receivables	25.30	(24.16)
Decrease / (increase) in inventories	96.11	1,197.50
(Increase) / decrease in investments	41,448.98	(18,987.30)
Decrease / (increase) in loans and advances	(1,027,813.25)	(343,538.11)
Decrease/(increase) in bank deposits (having original maturity of more than three months) (net)	(43,782.83)	41,998.93
Decrease / (increase) in other assets	139.89	(1,333.37)
<b>Cash generated from operations</b>	<b>(757,415.39)</b>	<b>(96,028.17)</b>
Direct taxes paid (net of refunds)	(78,447.16)	(72,693.72)
<b>Net cash flow from / used in operating activities (A)</b>	<b>(835,862.55)</b>	<b>(168,721.89)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed including intangible assets	(4,321.22)	(2,846.84)
Proceeds from sale of fixed assets	136.92	54.85
<b>Net cash used in investing activities (B)</b>	<b>(4,184.30)</b>	<b>(2,791.99)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	6.24	13.99
Securities premium on issue of equity capital	15.62	34.99
Amount received from institutional borrowing	2,457,610.34	993,650.85
Amount received from Public issue of non convertible debentures	60,000.00	99,999.93
Increase / (decrease) in Retail borrowings	84,042.75	42,874.42

**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

(Rs. in lacs)

Particulars	March 31, 2013	March 31, 2012
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES (Contd.)</b>		
Amount redeemed for Public issue of non convertible debentures	(46,923.16)	-
Repayment of institutional borrowing	(1,628,933.99)	(713,523.96)
Buyback of Public issue non convertible debentures	-	(27,505.26)
Public issue expenses for non convertible debentures paid	(1,316.96)	(1,867.43)
Dividend paid	(15,877.71)	(14,702.90)
Tax on dividend	(2,575.76)	(2,385.19)
<b>Net cash from financing activities (C)</b>	<b>906,047.37</b>	<b>376,589.44</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>66,000.52</b>	<b>205,075.56</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>384,118.28</b>	<b>179,042.71</b>
<b>Cash and bank balances taken over on merger</b>	<b>114.60</b>	-
<b>Cash and Cash Equivalents at the end of the year</b>	<b>450,233.40</b>	<b>384,118.27</b>

(Rs. in lacs)

Components of Cash and Cash Equivalents	March 31, 2013	March 31, 2012
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
i) Cash on hand	9,488.22	4,866.22
ii) Cheques on hand	5,419.28	5,584.68
iii) Balances with scheduled banks in:		
Current accounts	377,159.68	210,618.26
Unpaid dividend accounts *	629.22	499.39
Deposits with original maturity of less than three months	57,537.00	162,549.72
<b>TOTAL CASH AND CASH EQUIVALENTS (NOTE 17)</b>	<b>450,233.40</b>	<b>384,118.27</b>

**Notes**

- 1) The above cash flow statements have been prepared under the indirect method setout in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) All figures in brackets indicate outflow.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 4) During the year, Shriram Holdings (Madras) Private Limited (SHMPL) amalgamated with the Company using "Purchase method" as defined under AS-14 Accounting for Amalgamations notified under Companies (AS) Rules, 2006 (as amended). Assets and liabilities taken over of SHMPL were settled for a net consideration of Rs. 279,487,425. The said net consideration was settled in the form of 500,868 equity shares of Rs. 10/- each. The Company has allotted the said shares on November 05, 2012.
- 5) Details of Net Assets taken over has been disclosed under Note 35 to the financial statements. The said net assets include cash and bank balances amounting to Rs. 200/- and Rs. 11,460,048/- respectively. The said balances was taken over on November 05, 2012.
- \*6) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

For S.R.BATLIBOI & Co. LLP  
ICAI Firm Registration No. 301003E  
Chartered Accountants

per Viren H. Mehta  
Partner  
Membership No. 048749  
  
Mumbai  
May 07, 2013

For G. D. Apte & Co.  
ICAI Firm Registration No. 100515W  
Chartered Accountants

C. M. Dixit  
Partner  
Membership No. 017532

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

Umesh Revankar  
Managing Director  
  
Vivek M. Achwal  
Company Secretary

R Sridhar  
Director

**1. BASIS OF PREPARATION**

The Consolidated financial statements relates to M/s. Shriram Transport Finance Company Limited (the Company), its subsidiary companies and associate. The Company, its subsidiary companies and associate constitute the Group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year, except for the change in accounting policy explained below.

**2. BASIS OF CONSOLIDATION**

- i. The financial statements of the subsidiary companies and the associate used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2013 and are prepared based on the accounting policies consistent with those used by the Company.
- ii. The financial statements of the Group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' and AS 23 – 'Accounting for investments in Associates' in Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006, as amended and other generally accepted accounting principles in India.
- iii. The consolidated financial statements have been prepared on the following basis :
  - 1 The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.
  - 2 The consolidated financial statements include the share of profit / loss of the associate Company which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of the associate Company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An Associate is an enterprise in which the investor has significant influence and which is neither a Subsidiary nor a Joint Venture of the Investor.
  - 3 The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
  - 4 Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

iv. The following subsidiary companies are considered in the consolidated financial statements:

Sr. No.	Name of the Subsidiary Company	Country of incorporation	Share of ownership interest as at March 31, 2013	Share of ownership interest as at March 31, 2012
1	Shriram Equipment Finance Company Limited (w.e.f. December 15, 2009)	India	100%	100%
2	Shriram Automall India Limited (w.e.f. February 11, 2010)	India	100%	100%

As the amount involved in transactions with Shriram Insurance Broking Company Limited are not material, the financial effects have not been considered in the financial statements.

v. The details of associate Company are as follows :

Name of the Subsidiary Company	Country of incorporation	Share of ownership interest as at	
		March 31, 2013	March 31, 2012
Shriram Asset Management Company Limited	India	40.00%	40.00%

## 2.1. Significant Accounting Policies

### a. Change in accounting policy

#### Accounting Policy for securitisation transactions

During the year ended March 31, 2013, the Company adopted the accounting policy for securitisation transactions, as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on August 21, 2012. Accordingly, the income from securitisation transactions during the year ended March 31, 2013 is lower by Rs. 529.78 Lacs on account of change in the method of deferral of recognition of income prescribed in the revised guidelines issued by RBI.

### b. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classifies as non current.

### c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

### d. Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

#### Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial year of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use.

### Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are higher than and equal to the corresponding rates prescribed in Schedule XIV of the Act.

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Plant and Equipment	10%	4.75%
Furniture and Fixtures	10%	6.33%
Office Equipments	10%	4.75%
Buildings	1.63%	1.63%
Computers	20%	16.21%
Vehicles	20%	9.50%

Leasehold improvement is amortised on SLM over the lease term subject to a maximum of 60 months.

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

### Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Particulars	Rates (SLM)
Computer Software	33.33%
Trademarks	10.00%

Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

### Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. The reversal of impairment is recognised in statement of profit and loss account, unless the same is carried at revalued amount and treated as revaluation reserve.

### e. Investments

Investments intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

### f. Provisioning / Write-off of assets

Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve

Bank) Directions, 2007. Delinquencies on assets securitised/assigned are provided for based on management estimates of the historical data.

Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

#### **g. Loans**

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to the balance sheet date and loans securitised.

#### **h. Leases**

##### **Where the Company is the lessor**

Assets given on operating leases are included in fixed assets. Lease income is recognised in the statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of Profit and Loss.

##### **Where the Company is the lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

#### **i. Foreign currency translation**

##### **Initial recognition**

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

##### **Conversion**

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

##### **Exchange differences**

All exchange differences are dealt with including differences arising on translation settlement of monetary items in the statement of profit and loss.

##### **Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability**

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange difference on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

#### **j. Inventories**

Inventories of used commercial vehicles are valued at cost or net realisable whichever is less after providing for obsolescence if any. Cost comprises of cost of purchase, refurbishment costs and allocated overheads incurred in bringing the inventory to their present location and condition. Cost of purchase and refurbishment is determined on specific identification basis, while the overheads are allocated as per the estimate based on expected normal activity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

#### **k. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Income from financing activities is recognised on the basis of internal rate of return. Service tax on charges/fees is collected by the Company as an intermediary and accordingly revenue is presented on net basis.

- ii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans and twelve months or more in case of financial lease transactions are reversed and are accounted as income when these are actually realised.
- iii. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.
- iv. Gain/Income realised on securitisation/direct assignment of loan receivables arising under premium structure is recognised over the tenure of securities issued by SPV/agreements. Interest Spread under par structure of securitisation/direct assignment of loan receivables is recognised on realisation over the tenure of the 'securities issued by SPV' / agreements. Loss/expenditure, if any, in respect of securitisation /direct assignment is recognised upfront.  
Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation/ assignment.  
Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals.
- v. Interest income on fixed deposits/margin money, call money, Collaterised Borrowing and Lending Obligation, certificate of deposits, pass through certificates, subordinate debts, government securities and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, on government and other securities acquired as long term investments is recognised on a time proportion basis over the tenure of the securities.
- vi. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- vii. Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.
- viii. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.
- ix. The revenue from sale of the used commercial vehicles is recognized after execution of the contract to sale and delivery of the vehicle to the buyer. Value added tax on sale of used commercial vehicle is collected by the Company as an intermediary and accordingly revenue is presented on net basis.
- x. Income from services (for e.g. Facilitation fees) is recognized as per the terms of contracts on accrual basis.
- xi. Pre-mature Dealer payment discount is recognized as per the terms of the agreement.

## I. Retirement and other employee benefits

### Provident Fund

All the employees of the Group are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.

### Gratuity

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Group accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

### Leave Encashment

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**m. Income tax**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The un-recognised deferred tax assets are re-assessed by the Group at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period i.e the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for credit available in respect of MAT under the Income tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

**n. Segment reporting policies**

**Identification of segments:**

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

**Unallocated items:**

Unallocated items include income and expenses which are not allocated to any reportable business segment.

**Segment Policies :**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

**o. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**p. Provisions**

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**q. Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

**r. Equity shares and Debentures issue expenses**

Expenses incurred on issue of equity shares are charged on a straight line basis over a period of 10 years.

Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.

Expenses incurred for private placement of debentures, are charged to statement of profit and loss in the year in which they are incurred.

**s. Borrowing costs**

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of Profit & Loss in the year in which they are incurred.

**t. Employee stock compensation costs**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**u. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
397,000,000 (March 31, 2012: 335,000,000)	39,700.00	33,500.00
Equity Shares of Rs.10/- each		
20,000,000 (March 31, 2012: 20,000,000)	20,000.00	20,000.00
Preference Shares of Rs.100/- each		
	<b>59,700.00</b>	<b>53,500.00</b>
<b>Issued and Subscribed share capital</b>		
226,918,077 (March 31, 2012: 226,354,709)	22,691.81	22,635.47
Equity shares of Rs. 10/- each		
<b>Paid up (Fully paid up)</b>		
<b>Equity Shares</b>		
226,863,936 (March 31, 2012: 226,300,568)	22,686.38	22,630.06
Equity shares of Rs. 10/- each		
	<b>22,686.38</b>	<b>22,630.06</b>
48,000 equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)	2.40	2.40
<b>Total</b>	<b>22,688.78</b>	<b>22,632.46</b>

	As at March 31, 2013		As at March 31, 2012	
	Numbers of shares	Rs. in lacs	Numbers of shares	Rs. in lacs
<b>a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.</b>				
Shares outstanding at the beginning of the year	226,300,568	22,630.06	226,160,668	22,616.07
Issued during the period - Employee stock option scheme [Refer Note 27]	62,500	6.25	139,900	13.99
Issued on account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 35]	500,868	50.08	-	-
<b>Shares outstanding at the end of the year</b>	<b>226,863,936</b>	<b>22,686.39</b>	<b>226,300,568</b>	<b>22,630.06</b>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per equity share dividend recognized as distributions to equity shareholders was Rs. 7.00 ( March 31, 2012 : Rs. 6.50). Out of the total dividend declared during the year ended March 31, 2013, amount of interim dividend paid was Rs. 3.00 per equity share (March 31, 2012 : Rs. 2.50) and amount of final dividend proposed was Rs. 4.00 per equity share (March 31, 2012 : Rs. 4.00).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares reserved for issue under options**

The Company has reserved 18,800 ( March 31, 2012: 195,750) equity shares for issue under the employee stock option scheme 2005. Except for 14,800 ( March 31, 2012 : 61,300) equity shares which are unvested as of March 31, 2013, the remaining equity shares reserved for issue are vested and are exercisable as at March 31, 2013. The vesting date for unvested 14,800 equity shares is May 12, 2013.

**d. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The company has issued total 4,069,968 equity shares (March 31 2012 : 3,583,300) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee service, and includes 500,868 equity shares issued on account of merger of Shriram Holdings (Madras) Private Limited as per note (f) given below.

**e. Details of shareholders holding more than 5% equity shares in the company**

Details of shareholding	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
<b>Name of the Shareholder</b>				
<b>Equity shares of Rs. 10/- each</b>				
Shriram Holdings (Madras) Private Limited	-	-	93,371,512	41.26%
Shriram Capital Limited	58,502,778	25.79%	-	-
Newbridge India Investment II Limited	22,847,468	10.07%	-	-
Genesis Indian Investment Company Limited	13,926,256	6.14%	16,807,413	7.43%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

- f.** The Hon'ble Madras High Court sanctioned the Scheme of Arrangement for merger of Shriram Holdings (Madras) Private Limited (SHMPL) with the Company( 'the Scheme') and the Scheme came into effect from November 05, 2012 when the Company filed the Scheme with the Registrar of Companies, Tamil Nadu, Chennai. Pursuant to the Scheme, the investment of SHMPL in the share capital of the Company viz. 93,371,512 fully paid-up Equity shares of Rs.10/- each stood cancelled and the Company issued and allotted 93,872,380 new Equity shares of Rs. 10/- each fully paid-up to the shareholders of SHMPL. This resulted into increase of Rs. 50.09 lacs in the paid-up capital of the Company with effect from November 05, 2012. The merger is effective from April 01, 2012 and the effect of the same is considered in the above financial statements.

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
Balance as per last account	17.03	17.03
Add: On account of merger of Shriram Holdings (Madras) Private Limited [Refer Note 35]	2,744.80	-
<b>Closing balance</b>	<b>2,761.83</b>	<b>17.03</b>
<b>Capital redemption reserve</b>		
	<b>5,388.35</b>	<b>5,388.35</b>
<b>Securities Premium Account</b>		
Balance as per last account	175,322.02	175,099.59
Add: Addition on ESOPs exercised	15.62	34.98
Add: Transferred from stock options outstanding	104.72	187.45
<b>Closing balance</b>	<b>175,442.36</b>	<b>175,322.02</b>
<b>Debenture redemption reserve</b>		
Balance as per last account	52,136.12	31,823.68
Add: Transfer from statement of Profit and Loss on account of fresh creation	15,815.26	20,312.44
Less: Transfer to statement of Profit and Loss on account of redemption	(23,461.58)	-
Less: Transfer to statement of Profit and Loss on account of revised guidelines *	(14,309.77)	-
<b>Closing balance</b>	<b>30,180.03</b>	<b>52,136.12</b>
<b>Stock option outstanding</b>		
Employee stock option outstanding	34.00	240.58
Less : Deferred employee compensation outstanding	(0.90)	(16.06)
<b>Closing balance</b>	<b>33.10</b>	<b>224.52</b>
<b>Other Reserves</b>		
<b>Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934</b>		
Balance as per last account	102,255.44	76,022.94
Add: Transfer from statement of Profit and Loss	29,800.00	26,232.50
<b>Closing balance</b>	<b>132,055.44</b>	<b>102,255.44</b>
<b>General reserve</b>		
Balance as per last account	51,153.63	38,553.63
Add: Transfer from statement of Profit and Loss	14,000.00	12,600.00
<b>Closing balance</b>	<b>65,153.63</b>	<b>51,153.63</b>
<b>Surplus in statement of Profit and Loss</b>		
Balance as per last account	194,088.13	139,457.56
Add: Profit for the current year	146,388.77	130,881.32
Add: Excess provision written back - tax on dividend	0.41	35.18
<b>Less: Appropriations</b>		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(29,800.00)	(26,232.50)
Transfer to general reserve	(14,000.00)	(12,600.00)
Transfer to/from debenture redemption reserve	21,956.09	(20,312.44)
Interim dividend	(6,825.68)	(5,656.48)
Tax on interim dividend	(1,107.30)	(917.62)
Proposed final dividend (amount per share Rs. 4.00 (March 31, 2012: Rs. 4.00))	(9,074.56)	(9,052.02)
Tax on proposed dividend	(1,542.22)	(1,468.46)
<b>Total appropriations</b>	<b>(40,393.67)</b>	<b>(76,239.52)</b>
<b>Net surplus statement of Profit and Loss</b>	<b>300,083.64</b>	<b>194,134.54</b>
<b>Total reserves and surplus</b>	<b>711,098.38</b>	<b>580,631.65</b>

\* As per General circular no 04/2013 dated February 11, 2013 issued by Ministry of Corporate Affairs, Debenture Redemption Reserve required to maintained is revised to 25% from 50%, hence, the excess amount has been transferred back to the statement of Profit and Loss.

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
<b>5. LONG TERM BORROWINGS</b>				
Subordinated debts (Unsecured)	327,509.63	54,267.15	314,044.96	25,208.32
Redeemable non convertible debentures				
Secured	886,877.87	357,691.41	684,228.56	134,734.54
Less: Unamortised discount	(2,120.34)	(2,284.03)	(8,195.93)	-
	<b>884,757.53</b>	<b>355,407.38</b>	<b>676,032.63</b>	<b>134,734.54</b>
Unsecured	81,730.00	47,380.00	52,860.00	-
Less: Unamortised discount	(110.08)	(784.49)	(2,261.72)	-
	<b>81,619.92</b>	<b>46,595.51</b>	<b>50,598.28</b>	-
Term loans from banks				
Unsecured	10,000.00	10,000.00	10,000.00	11,174.03
Secured	577,721.57	314,599.24	359,514.15	329,422.32
Fixed deposits (Unsecured)	68,220.02	66,418.28	100,387.65	19,989.23
Term loans from Financial institutions / Corporates				
Secured	54,500.00	27,000.00	5,000.00	19,500.00
Unsecured	-	-	-	10,000.00
Loans and advances from related parties				
Subordinated debts (Unsecured)				
from Associate	-	413.40	413.40	-
from Managing Director	-	-	12.31	-
from Relative of Managing Director	0.30	-	7.00	-
Redeemable non convertible debentures (Secured)				
from Associate	3.60	2.40	-	-
from Managing Director	-	-	14.74	-
from Relative of Managing Director	4.88	2.21	-	-
Fixed deposits (Unsecured)				
from Relative of Managing Director	-	1.02	-	-
	<b>2,004,337.45</b>	<b>874,706.59</b>	<b>1,516,025.12</b>	<b>550,028.44</b>

\*Amount disclosed under the head other current liabilities

## 5. LONG TERM BORROWINGS (Contd.)

### A) Subordinated Debt - Unsecured

#### i) Privately Placed Subordinated debts of Rs. 100,000/- each

Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	-	13,769.00	4,541.00	-	18,310.00
36-48 Months	-	5,000.00	-	-	5,000.00
24-36 months	-	25,577.00	-	-	25,577.00
12-24 months	-	15,000.00	5,500.00	-	20,500.00
<b>Total</b>	<b>-</b>	<b>59,346.00</b>	<b>10,041.00</b>	<b>-</b>	<b>69,387.00</b>

Current maturity

Upto 12 months	-	-	10,510.00	-	10,510.00
----------------	---	---	-----------	---	-----------

Terms of repayment as on March 31, 2012

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	-	13,769.00	4,541.00	-	18,310.00
48-60 Months	-	5,000.00	5,000.00	-	10,000.00
36-48 Months	-	25,577.00	-	-	25,577.00
24-36 months	-	15,000.00	5,500.00	-	20,500.00
12-24 months	-	-	5,510.00	-	5,510.00
<b>Total</b>	<b>-</b>	<b>59,346.00</b>	<b>20,551.00</b>	<b>-</b>	<b>79,897.00</b>

#### ii) Privately Placed Subordinated debts of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2013

Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	-	100,890.00	11,670.00	-	112,560.00
48-60 Months	-	25,500.00	-	-	25,500.00
36-48 Months	-	5,000.00	2,500.00	-	7,500.00
24-36 months	-	35,000.00	-	-	35,000.00
<b>Total</b>	<b>-</b>	<b>166,390.00</b>	<b>14,170.00</b>	<b>-</b>	<b>180,560.00</b>

**5. LONG TERM BORROWINGS (Contd.)**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total Amount
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Current maturity					
Upto 12 months	-	15,000.00	-	-	15,000.00

**Terms of repayment as on March 31, 2012**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total Amount
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	25,000.00	50,920.00	14,170.00	-	90,090.00
48-60 Months	-	5,000.00	-	-	5,000.00
36-48 Months	35,000.00	-	-	-	35,000.00
12-24 months	-	15,000.00	-	-	15,000.00
<b>Total</b>	<b>60,000.00</b>	<b>70,920.00</b>	<b>14,170.00</b>	<b>-</b>	<b>145,090.00</b>

**iii) Privately placed Subordinated debts of Rs. 1,000/- each****Terms of repayment as on March 31, 2013****Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total Amount
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	5.40	22,148.21	-	-	22,153.61
48-60 Months	1,481.88	6,589.06	-	-	8,070.94
36-48 Months	46.99	3,487.45	-	-	3,534.44
24-36 months	-	5,551.41	0.50	-	5,551.91
12-24 months	-	8,038.37	21,903.35	-	29,941.72
<b>Total</b>	<b>1,534.27</b>	<b>45,814.50</b>	<b>21,903.85</b>	<b>-</b>	<b>69,252.62</b>

**Current maturity**

Upto 12 months	-	22,400.37	6,770.18	-	29,170.55
----------------	---	-----------	----------	---	-----------

**Terms of repayment as on March 31, 2012****Long term borrowing**

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest				Total Amount
	<10%	>=10% <12%	>=12% <14%	>= 14%	
	Amount	Amount	Amount	Amount	
Over 60 months	1,487.28	11,494.46	-	-	12,981.74
48-60 Months	46.99	3,487.45	-	-	3,534.44
36-48 Months	-	5,551.41	0.50	-	5,551.91
24-36 months	-	8,038.37	21,903.35	-	29,941.72
12-24 months	-	22,400.37	6,770.18	-	29,170.55
<b>Total</b>	<b>1,534.27</b>	<b>50,972.06</b>	<b>28,674.03</b>	<b>-</b>	<b>81,180.36</b>

**Current maturity**

Upto 12 months	-	25,202.69	-	5.63	25,208.32
----------------	---	-----------	---	------	-----------

**5. LONG TERM BORROWINGS (Contd.)**

- iv) Public issue of Subordinated debt of Rs. 1,000/- each (2010)-quoted  
 Long term borrowing

Option Detail	Rate of interest	As at March 31, 2013		As at March 31, 2012	Redeemable at par on	(Rs. in lacs)
Option -IV	10.41%	91.00		91.00	1-Jun-17	
	10.81%	1,687.00		1,687.00	1-Mar-17	
	11.25%	3,746.08		3,746.08	1-Dec-16	
Option -V	10.25%	110.30		110.30	1-Jun-17	
	10.75%	204.32		204.32	1-Jun-17	
	11.00%	2,471.61		2,471.61	1-Jun-17	
<b>Total</b>		<b>8,310.31</b>		<b>8,310.31</b>		

Total Subordinated Debts	As at March 31, 2013		As at March 31, 2012		(Rs. in lacs)
	Non Current portion	Current maturities	Non Current portion	Current maturities	
i+ii+iii+iv	327,509.93	54,680.55	314,477.67	25,208.32	
Less: issued to related parties	0.30	413.40	432.71	-	
<b>Net</b>	<b>327,509.63</b>	<b>54,267.15</b>	<b>314,044.96</b>	<b>25,208.32</b>	

**B) Non Convertible Debenture -Secured**

- i) Privately placed Redeemable Non Convertible Debentures of Rs. 1,000/- each

Terms of repayment as on March 31, 2013

Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest						(Rs. in lacs)
	< 10%	=> 10% < 12%	=> 12% < 14%	=> 14% < 16%	=> 16%	Total	
	Amount	Amount	Amount	Amount	Amount	Amount	
48-60 months	-	8,613.59	939.52	-	-	<b>9,553.11</b>	
36-48 months	1.84	6,534.46	719.88	0.88	-	<b>7,257.06</b>	
24-36 months	1,669.55	136,832.48	-	792.92	-	<b>139,294.95</b>	
12-24 months	3,637.90	100,192.44	6.40	311.80	-	<b>104,148.54</b>	
<b>Total</b>	<b>5,309.29</b>	<b>252,172.97</b>	<b>1,665.80</b>	<b>1,105.60</b>	-	<b>260,253.66</b>	

Current maturity

upto 12 months	46,737.79	29,109.31	1,582.89	282.32	0.48	77,712.79
----------------	-----------	-----------	----------	--------	------	-----------

## 5. LONG TERM BORROWINGS (Contd.)

### Terms of repayment as on March 31, 2012

#### Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%	= 10% < 12%	= 12% < 14%	= 14% < 16%	= 16%	
Amount	Amount	Amount	Amount	Amount	Amount	Amount
Over 60 months	-	-	939.52	-	-	939.52
48-60 months	1.84	4,053.22	719.88	0.88	-	4,775.82
36-48 months	1,670.80	1,919.18	-	792.92	-	4,382.90
24-36 months	688.44	97,619.12	6.40	311.80	-	98,625.76
12-24 months	46,749.25	35,493.34	1,997.99	282.32	0.48	84,523.38
<b>Total</b>	<b>49,110.33</b>	<b>139,084.86</b>	<b>3,663.79</b>	<b>1,387.92</b>	<b>0.48</b>	<b>193,247.38</b>

#### Current maturity

upto 12 months	33,646.60	31,864.11	1,820.93	0.70	479.04	67,811.38
----------------	-----------	-----------	----------	------	--------	-----------

#### Nature of Security

Secured by equitable mortgage of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to applicable statutory and/or regulatory requirements.

### (ii) Privately Placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

#### Terms of repayment as on March 31, 2013

#### Long term borrowing

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest					Total
	< 10%^	= 10% < 12% *^¥	= 12% < 14%	= 14% < 16%	= 16%	
Amount	Amount	Amount	Amount	Amount	Amount	Amount
48-60 months *^	3,800.00	76,000.00	-	-	-	79,800.00
36-48 months ^¥	750.00	38,125.00	-	-	-	38,875.00
24-36 months ^	47,100.00	72,580.00	-	-	-	119,680.00
12-24 months ^¥	39,010.00	168,585.00	-	-	-	207,595.00
<b>Total</b>	<b>90,660.00</b>	<b>355,290.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445,950.00</b>

\* Includes 2 Non-convertible debenture of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

^NCDs amounting to Rs. 25,550.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of Interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
2	10.50%	625.00	13-Aug-14
3	10.30%	20,000.00	20-Jul-14
<b>Total</b>		<b>21,250.00</b>	

Current maturity

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10% ^ ¥	≥ 10% < 12% ^	≥ 12% < 14%	≥ 14% < 16%	≥ 16%	
	Amount	Amount	Amount	Amount	Amount	
upto 12 months ^ ¥	37,810.00	168,810.00	31,000.00	-	-	237,620.00

^NCDs amounting to Rs. 19,410.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of Interest	Amount	Put/Call option date
1	10.30%	31,000.00	6-Jan-14
2	9.20%	30,000.00	24-Jun-13
3	9.00%	20,000.00	2-May-13
<b>Total</b>		<b>81,000.00</b>	

Terms of repayment as on March 31, 2012

Long term borrowing

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest					Total
	< 10% ^	≥ 10% < 12% * ^ ¥	≥ 12% < 14%	≥ 14% < 16%	≥ 16%	
	Amount	Amount	Amount	Amount	Amount	
Over 60 months *	-	1,250.00	-	-	-	1,250.00
48-60 months*	-	72,500.00	-	-	-	72,500.00
36-48 months ¥	1,300.00	-	-	-	-	1,300.00
24-36 months ^	24,890.00	84,790.00	-	-	-	109,680.00
12-24 months ^ ¥	16,610.00	95,610.00	31,000.00	-	-	143,220.00
<b>Total</b>	<b>42,800.00</b>	<b>254,150.00</b>	<b>31,000.00</b>	<b>-</b>	<b>-</b>	<b>327,950.00</b>

\* Includes 2 Non-convertible debenture of Rs. 625.00 lacs each partly paid to the extent of Rs. 50,000/-

^ NCDs amounting to Rs. 24,460.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

₹ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of Interest	Amount	Put/Call option date
1	10.60%	625.00	12-Aug-16
2	10.50%	625.00	13-Aug-14
<b>Total</b>		<b>1,250.00</b>	

### Current maturity

(Rs. in lacs)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest						Total
	< 10%	=> 10% < 12%	=> 12% < 14%	=> 14% < 16%	=> 16%		
	Amount	Amount	Amount	Amount	Amount	Amount	
upto 12 months	5,000.00	15,000.00	-	-	-	-	20,000.00

### Nature of Security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

### iii) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each - (2009)

#### Terms of repayment

#### Long term borrowing

(Rs. in lacs)

Option Detail	Rate of interest	As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	11.00%	1,744.97	1,744.97	26-Aug-14	-
	11.00%	-	3,489.95	26-Aug-13	-
Option -II	11.25%	1,474.92	1,474.92	26-Aug-14	-
	11.25%	-	2,949.84	26-Aug-13	-
Option -III	11.03%	-	10,422.51	26-Aug-14	26-Aug-13
Option -IV	11.00%	-	2,274.12	26-Aug-14	26-Aug-13
<b>Total</b>		<b>3,219.89</b>	<b>22,356.31</b>		

#### Terms of repayment

#### Current maturity

(Rs. in lacs)

Option Detail	Rate of interest	As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	11.00%	-	3,489.95	26-Aug-12	-
	11.00%	3,489.95	-	26-Aug-13	-
Option -II	11.25%	-	2,949.84	26-Aug-12	-
	11.25%	2,949.84	-	26-Aug-13	-
Option -III	11.03%	10,422.51	-	26-Aug-14	26-Aug-13
Option -IV	11.00%	2,274.12	-	26-Aug-14	26-Aug-13
Option -V	10.75%	-	40,483.37	26-Aug-12	-
<b>Total</b>		<b>19,136.42</b>	<b>46,923.16</b>		

## 5. LONG TERM BORROWINGS (Contd.)

### Nature of Security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The funds raised from the Public issue of 9,999,996 secured Non-Convertible Debenture aggregating to Rs. 99,999.96 lacs have been utilised, after meeting the expenditure of and related to the Public issue, for various financing activities of the Company including lending, investments and repayment of borrowings.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back Non-convertible Debentures of Rs. 4,215.23 lacs on 12-Mar-2010 and Rs. 3,000.00 lacs on 27-March-2012, Rs. 23,505.26 lacs on 28-March-2012 and as per the terms of the issue Rs. 46,923.16 lacs were redeemed on 26-August-2012.

#### iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2010)

##### Terms of repayment

##### Long term borrowing

Option Detail	Rate of interest	As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	9.00%	-	3,398.67	1-Jun-15	1-Jun-13
	9.50%	-	10,495.95	1-Jun-15	1-Jun-13
	9.75%	-	1,859.85	1-Jun-15	1-Jun-13
Option -II	9.50%	897.03	897.03	1-Jun-17	1-Jun-15
	10.00%	832.20	832.20	1-Jun-17	1-Jun-15
	10.25%	4,525.13	4,525.13	1-Jun-17	1-Jun-15
Option -III	9.75%	808.45	808.45	1-Jun-15	-
	10.25%	785.68	785.68	1-Jun-15	-
	10.50%	2,142.04	2,142.04	1-Jun-15	-
	9.75%	1,616.90	1,616.90	1-Jun-14	-
	10.25%	1,571.36	1,571.36	1-Jun-14	-
	10.50%	4,284.08	4,284.08	1-Jun-14	-
	9.75%	-	1,616.90	1-Jun-13	-
	10.25%	-	1,571.36	1-Jun-13	-
	10.50%	-	4,284.08	1-Jun-13	-
<b>Total</b>		<b>17,462.87</b>	<b>40,689.68</b>		

##### Terms of repayment

##### Current maturity

Option Detail	Rate of interest	As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	9.00%	3,398.67	-	1-Jun-15	1-Jun-13
	9.50%	10,495.95	-	1-Jun-15	1-Jun-13
	9.75%	1,859.85	-	1-Jun-15	1-Jun-13
Option -III	9.75%	1,616.90	-	1-Jun-13	-
	10.25%	1,571.36	-	1-Jun-13	-
	10.50%	4,284.08	-	1-Jun-13	-
<b>Total</b>		<b>23,226.81</b>	-		

## 5. LONG TERM BORROWINGS (Contd.)

### Nature of Security

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

The Company has bought back Non-convertible Debentures of Rs. 1,000.00 lacs on 14-July-2011.

#### v) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2011)

##### Terms of repayment

##### Long term borrowing

Option Detail	Rate of interest	(Rs. in lacs)			
		As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	11.60%	53,470.83	53,470.83	11-Jul-16	12-Jul-15
	11.35%	24,313.78	24,313.78	11-Jul-16	12-Jul-15
	11.10%	7,340.36	7,340.36	11-Jul-16	12-Jul-15
Option –II	11.35%	3,462.05	3,462.05	11-Jul-14	-
	11.10%	3,173.19	3,173.19	11-Jul-14	-
	11.00%	8,239.72	8,239.72	11-Jul-14	-
<b>Total</b>		<b>99,999.93</b>	<b>99,999.93</b>		

### Nature of Security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 99,999.93 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Subject to the provisions of The Companies Act, 1956, where the company has fully redeemed or repurchased any Secured NCD(s), the company shall have the right to keep such Secured NCDs in effect without extinguishment thereof, for the purpose of resale or reissue.

## 5. LONG TERM BORROWINGS (Contd.)

### vi) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2012)

#### Terms of repayment

#### Long term borrowing

Option Detail	Rate of interest	(Rs. in lacs)			
		As at March 31, 2013	As at March 31, 2012	Redeemable at par on	Put and Call option
Option -I	11.15%	8,518.92	-	9-Aug-15	-
	10.25%	14,945.24	-	9-Aug-15	-
Option -II	11.40%	14,236.98	-	9-Aug-17	-
	10.50%	11,974.23	-	9-Aug-17	-
Option -III	11.15%	3,738.41	-	9-Aug-15	-
	10.25%	147.69	-	9-Aug-15	-
Option -IV	11.40%	6,356.94	-	9-Aug-17	-
	10.50%	81.59	-	9-Aug-17	-
<b>Total</b>		<b>60,000.00</b>	-		

#### Nature of Security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 60,000/- lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Total non-convertible debentures- secured	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities	Non Current portion	Current maturities
	i+ii+iii+iv+v+vi	886,886.35	357,696.02	684,243.30
Less: issued to related parties		8.48	4.61	14.74
<b>Net</b>	<b>886,877.87</b>	<b>357,691.41</b>	<b>684,228.56</b>	<b>134,734.54</b>

### C. Redeemable non-convertible debentures - Unsecured

#### Privately Placed Unsecured Redeemable non-convertible debentures of Rs. 1,000,000/- each

#### Terms of repayment as on March 31, 2013

#### Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		
	<10%^	=>10% <12%¥	Total
	Amount	Amount	Amount
24-36 months^	-	2,150.00	2,150.00
12-24 months^¥	22,750.00	56,830.00	79,580.00
<b>Total</b>	<b>22,750.00</b>	<b>58,980.00</b>	<b>81,730.00</b>

^NCDs amounting to Rs. 25,320.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of Interest	Amount	Put/Call option date
1	10.07%	25,000.00	1-May-13
<b>Total</b>		<b>25,000.00</b>	

**Terms of repayment as on March 31, 2013**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest		
	<10%^¥	>=10% <12%^¥	Total
	Amount	Amount	Amount
upto 12 months^¥	22,280.00	25,100.00	47,380.00
<b>Total</b>	<b>22,280.00</b>	<b>25,100.00</b>	<b>47,380.00</b>

^NCDs amounting to Rs. 27,900.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under

(Rs. in lacs)

Sr No	Rate of Interest	Amount	Put/Call option date
1	9.59%	20,000.00	24-Mar-14
<b>Total</b>		<b>20,000.00</b>	

**Terms of repayment as on March 31, 2012**

**Long term borrowing**

(Rs. in lacs)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest		
	<10%^	>=10% <12%^	Total
	Amount	Amount	Amount
36-48 Months	-	2,150.00	2,150.00
24-36 months^	-	30,830.00	30,830.00
12-24 months^	2,280.00	17,600.00	19,880.00
<b>Total</b>	<b>2,280.00</b>	<b>50,580.00</b>	<b>52,860.00</b>

^NCDs amounting to Rs. 3,920.00 lacs issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

## 5. LONG TERM BORROWINGS (Contd.)

### D. Term Loan from bank- Unsecured

**As at March 31, 2013**

#### Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
48-60 months	14.00%	Bullet	10,000.00	-	
upto 12 months	10.00%	Bullet	-	10,000.00	
<b>Total</b>			<b>10,000.00</b>	<b>10,000.00</b>	

**As at March 31, 2012**

#### Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
Above 60 months	14.50%	Bullet	10,000.00	-	
upto 12 months	10.27%	23 instalments of Monthly frequency	-	11,174.03	
<b>Total</b>			<b>10,000.00</b>	<b>11,174.03</b>	

### E. Term loans from Banks -Secured

**As at March 31, 2013**

#### Terms of repayment

#### Long term borrowing

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
48-60 months	10.35% to 10.75%	5 to 20 installments of quarterly & yearly frequency	138,999.95	36,000.00	
36-48 months	10.35% to 11.75%	1 to 60 installments of Bullet, monthly, quarterly, half yearly frequency	235,122.58	81,607.14	
24-36 months (* refer security details)	9.00% to 12.50%	1 to 60 installments of Bullet, monthly, quarterly, half yearly frequency	124,187.29	45,435.98	
12-24 months	9.50% to 13.00%	1 to 48 installments of Bullet, monthly, quarterly & half yearly , yearly frequency	79,411.75	35,701.00	
upto 12 months	9.00% to 13.75%	1 to 48 installments of Bullet, monthly, quarterly & half yearly , yearly frequency	-	115,855.11	
<b>Total</b>			<b>577,721.57</b>	<b>314,599.24</b>	

Nature of Security	As at March 31, 2013	(Rs. in lacs)
a) *includes secured by hypothecation of vehicles for own use		5.18
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans		892,315.62
<b>Total</b>		<b>892,320.80</b>

## 5. LONG TERM BORROWINGS (Contd.)

**As at March 31, 2012**

### Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities	(Rs. in lacs)
48-60 months	11.50% to 12.10%	10 to 60 installments of monthly, quarterly and half yearly frequency	51,145.91	15,000.00	
36-48 months (*refer security details)	8.75% to 12.75%	4 to 60 installments of monthly, quarterly and half yearly frequency	55,588.82	11,989.10	
24-36 months	9.50% to 13.40%	1 to 48 installments of bullet, monthly, quarterly frequency	93,258.04	28,695.03	
12-24 months	9.00% to 13.75%	1 to 48 installments of bullet, monthly, quarterly, half yearly & yearly frequency	159,521.37	150,095.29	
upto 12 months	8.85% to 14.50%	1 to 48 installments of bullet, monthly, quarterly, half yearly & yearly frequency	-	123,642.90	
<b>Total</b>			<b>359,514.15</b>	<b>329,422.32</b>	

Nature of Security	As at March 31, 2012	(Rs. in lacs)
a) *includes secured by hypothecation of vehicles for own use		28.44
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans		688,908.03
<b>Total</b>		<b>688,936.47</b>

### F. Fixed deposits- Unsecured -Refer Note 29

#### i) Terms of repayment as on March 31, 2013

##### Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			(Rs. in lacs)
	< 10%		>= 10% < 12%	Total
	Amount	Amount	Amount	Amount
48-60 Months	-	4,424.72		<b>4,424.72</b>
36-48 Months	-	5,711.40		<b>5,711.40</b>
24-36 Months	7,678.53	28,948.08		<b>36,626.61</b>
12-24 Months	2,684.84	18,772.45		<b>21,457.29</b>
<b>Total</b>	<b>10,363.37</b>	<b>57,856.65</b>		<b>68,220.02</b>

#### ii) Current Maturity

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			(Rs. in lacs)
	< 10%		>= 10% < 12%	Total
	Amount	Amount	Amount	Amount
Upto 12 months	55,005.29	11,414.01		<b>66,419.30</b>

## 5. LONG TERM BORROWINGS (Contd.)

### i) Terms of repayment as on March 31, 2012

#### Long term borrowing

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			(Rs. in lacs)
	< 10%	=> 10% < 12%	Total	
	Amount	Amount	Amount	
48-60 Months	-	5,242.53	5,242.53	
36-48 Months	7,804.09	2,784.95	10,589.04	
24-36 Months	1,089.52	18,622.96	19,712.48	
12-24 Months	52,999.59	11,844.01	64,843.60	
<b>Total</b>	<b>61,893.20</b>	<b>38,494.45</b>	<b>100,387.65</b>	

### ii) Current Maturity

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			(Rs. in lacs)
	< 10%	=> 10% < 12%	Total	
	Amount	Amount	Amount	
<b>Upto 12 months</b>	<b>19,780.36</b>	<b>208.87</b>	<b>19,989.23</b>	

Total Fixed deposits	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities	Non Current portion	Current maturities
i+ii	68,220.02	66,419.30	100,387.65	19,989.23
Less: issued to related parties	-	1.20	-	-
<b>Net</b>	<b>68,220.02</b>	<b>66,418.10</b>	<b>100,387.65</b>	<b>19,989.23</b>

### G. Term Loan from financial institution/corporates - Secured

#### As at March 31, 2013

#### Long term borrowing

#### Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	Non-Current portion	Current Maturities
48-60 months	11.00%	20 installments of quarterly frequency	37,500.00	10,000.00
24-36 months	11.00%	11 installments of quarterly frequency	17,000.00	12,000.00
upto 12 months	9.25%	Bullet	-	5,000.00
<b>Total</b>			<b>54,500.00</b>	<b>27,000.00</b>

## 5. LONG TERM BORROWINGS (Contd.)

### Nature of Security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

### As at March 31, 2012

#### Terms of repayment

					(Rs. in lacs)
Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details		Non-Current portion	Current Maturities
24-36 months	9.25%	Bullet		5,000.00	-
upto 12 months	11.02%	Bullet		-	19,500.00
<b>Total</b>				<b>5,000.00</b>	<b>19,500.00</b>

### Nature of Security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

### H. Term Loan from financial institution/corporates - Unsecured

#### Terms of repayment

### As at March 31, 2012

					(Rs. in lacs)
Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details		Non-Current portion	Current Maturities
upto 12 months	12.18%	Bullet		-	10,000.00
<b>Total</b>				<b>-</b>	<b>10,000.00</b>

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current maturities	Non Current portion	Current maturities
<b>Total Long-term borrowings</b>				
Secured Borrowings	1,516,987.58	697,011.23	1,040,561.52	483,656.86
Unsecured Borrowings	487,349.87	177,695.36	475,463.60	66,371.58
<b>Total Long-term borrowings</b>	<b>2,004,337.45</b>	<b>874,706.59</b>	<b>1,516,025.12</b>	<b>550,028.44</b>

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Long term	Short term	Long term	Short term
<b>6. OTHER LIABILITIES</b>				
Creditors other than Micro, Small and Medium Enterprises				
- for fixed assets	-	14.18	-	-
Current maturities of long term debts [Refer Note 5]	-	874,706.59	-	550,028.43
Interest accrued but not due on loans	57,765.97	83,952.03	55,933.99	54,439.80
Application money on redeemable non convertible debentures	2,109.76	-	1,379.18	-
Application money on Subordinated debts	311.59	-	204.05	-
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)				
- Unclaimed dividend	-	629.22	-	499.40
- Unclaimed matured deposits and interest accrued thereon	-	1,246.86	-	810.29
- Unclaimed matured debentures and interest accrued thereon	-	5,402.65	-	7,825.98
- Unclaimed matured subordinate debts and interest accrued thereon	-	3,752.38	-	2,346.27
Temporary credit balance in bank accounts	-	75,467.00	-	29,110.62
Tax Deducted at Source	-	1,544.59	-	1,340.67
Service tax payable	-	31.43	-	34.80
Statutory Dues pertaining to employees	-	322.04	-	310.46
Value Added Tax	-	412.34	-	413.50
Unrealised gain on Securitization*	57,403.45	130,594.91	111,537.39	169,022.61
Payable on account of forward contracts	-	-	-	11,969.95
Advance from customers	-	-	-	9.47
Retention and others	12,788.89	-	14,749.47	-
	<b>130,379.66</b>	<b>1,178,076.22</b>	<b>183,804.08</b>	<b>828,162.25</b>

\* Includes realised gain on premium structure securitization / assignment deals amounting to Rs. 3,455.73 lacs (March 31, 2012: Rs. 10,218.15 lacs) - Also refer note 2.1 (k) (iv).

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Long term	Short term	Long term	Short term
<b>7. PROVISIONS</b>				
<b>For employee benefits</b>				
For gratuity	1,782.83	145.10	1,366.33	94.66
For leave encashment and availment	-	1,525.69	-	1,262.68
<b>For Others</b>				
For non-performing assets	81,629.86	-	59,958.59	-
For standard assets [ Refer note (f) of note 2.1]	4,902.01	3,614.80	3,575.80	2,394.10
For service tax- contested	-	8,778.18	-	8,751.82
For credit loss on securitisation	65,138.64	-	72,747.76	-
For income tax [net of advance tax Rs. 166,922.12 lacs (March 31, 2012: Rs. 166,922.12 lacs)]	-	4,543.16	-	4,543.16
<b>Proposed dividend</b>	-	9,074.56	-	9,052.02
<b>Corporate dividend tax</b>	-	1,542.22	-	1,468.46
	<b>153,453.34</b>	<b>29,223.71</b>	<b>137,648.48</b>	<b>27,566.90</b>

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>8. SHORT TERM BORROWINGS</b>		
<b>From Banks - Secured</b>		
Redeemable non convertible debentures	74,750.00	-
Term loans	183,800.00	26,426.77
<b>Unsecured Redeemable Debenture</b>	<b>25,000.00</b>	-
<b>Loans repayable on demand (Secured)</b>		
Cash credit	124,525.36	303,686.97
Working capital demand loan from banks	14,452.00	10,000.00
Working capital demand loan from financial institutions	-	7,500.00
<b>Unsecured Loan</b>		
Commercial papers from other than banks	37,500.00	-
Less: unamortized discount	(446.26)	-
	<b>37,053.74</b>	-
	<b>459,581.10</b>	<b>347,613.74</b>

a. Privately Placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

(Rs. in lacs)

	Rate of interest	
	< 10%	Total
	Amount	Amount
<b>Redeemable at par (from the date of the Balance Sheet)</b>		
<b>upto 12 months</b>	<b>74,750.00</b>	<b>74,750.00</b>

**Nature of Security**

Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

b. Term loans From bank - Secured

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	As at March 31, 2013
upto 12 months	9.90 % to 10.35%	Bullet	183,800.00
<b>Total</b>			<b>183,800.00</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans

**Terms of repayment**

(Rs. in lacs)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment Details	As at March 31, 2012
upto 12 months	7.66 % to 11.00%	Bullet	26,426.77
<b>Total</b>			<b>26,426.77</b>

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans

## 8. SHORT TERM BORROWINGS

### c. Redeemable non-convertible debentures- Unsecured

Privately Placed Unsecured Redeemable non-convertible debentures of Rs. 1,000,000/- each

(Rs. in lacs)

Redeemable at par within	Rate of interest		
	< 10%	>=10% <12%	Total
	Amount	Amount	Amount
Upto 12 months	25,000.00	-	25,000.00
<b>Total</b>	<b>25,000.00</b>	<b>-</b>	<b>25,000.00</b>

### d. Cash Credit from bank

Secured by hypothecation of specific assets covered under hypothecation loan agreements

As at March 31, 2013

As at March 31, 2012

124,525.36

303,686.97

**Total**

**124,525.36**

**303,686.97**

### e. Working capital demand loan from banks

Secured by hypothecation of specific assets covered under hypothecation loan agreements

As at March 31, 2013

As at March 31, 2012

14,452.00

10,000.00

**Total**

**14,452.00**

**10,000.00**

### f. Working capital demand loan from financial institutions

Secured by hypothecation of specific assets covered under hypothecation loan agreements

As at March 31, 2013

As at March 31, 2012

7,500.00

**Total**

**7,500.00**

### g. Commercial paper

(Rs. in lacs)

#### Tenure

(from the date of the Balance Sheet)

#### Rate of Interest

#### Repayment Details

As on March 31, 2013

upto 12 months

8.96 % to 9.90 %

Bullet

37,500.00

**Total**

**37,500.00**

# The Company has bought back CP of Rs. 25,000.00 lacs on February 11, 2013

### Total Short-term borrowings

As at March 31, 2013

As at March 31, 2012

383,075.36

330,113.74

Secured Borrowings

76,505.74

17,500.00

Unsecured Borrowings

459,581.10

347,613.74

**Total Short-term borrowings**

**459,581.10**

**347,613.74**



# **'NOTES'** FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

DEPRECIATION AND AMORTISATION

(Rs. in lacs)	Year ended	
	March 31, 2013	March 31, 2012
on tangible assets	2,005.90	1,601.49
on intangible assets	263.02	133.58
on investment property	2.32	2.32
<b>Total</b>	<b>2,271.24</b>	<b>1,737.40</b>

			Quantity	Amount	Quantity	Amount
		Face value (Rs.)	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>10.</b>	<b>NON-CURRENT INVESTMENTS</b>					
	<b>Investment property</b> (at cost less accumulated depreciation)					
	Cost of land and building given on operating lease			211.66		211.66
	Less: accumulated depreciation			11.88		9.56
	<b>Net Block</b>			<b>199.78</b>		<b>202.10</b>
	<b>Non trade</b> (valued at cost unless stated otherwise)					
A.	<b>Shares : Fully paid up</b>					
a)	<b>Quoted - Equity shares</b>					
	<b>Investment in associates</b>					
	Shriram Asset Management Company Limited (40% Share) #	10	2,400,000	240.00	2,400,000	240.00
	Add: Share of post acquisition profit (including Rs. Nil of Goodwill net of Capital reserve arising on consolidation)			134.34		180.32
				<b>374.34</b>		<b>420.32</b>
b)	<b>Unquoted - Equity shares</b>					
	<b>Investment in other companies</b>					
	State Industrial Investment Corporation of Maharashtra Limited	10	50,000	40.00	50,000	40.00
	Credential Finance Limited (At cost less provision for other than temporary diminution in value of Rs. 25.00 lacs (March 31, 2012: Rs. 25.00 lacs) )	10	25,000	-	25,000	-
	Ashley Transport Services Limited (At cost less provision for other than temporary diminution in value of Rs. 142.50 Lacs (March 31, 2012: Rs. 142.50 lacs) )	100	225,000	-	225,000	-
c)	<b>Unquoted - Preference shares</b>					
	<b>Investments in associate</b>					
	Shiram Asset Management Company Limited (Purchased 100,000 shares of Rs. 100/- each during the year)	100	100,000	100.00	-	-

# These shares are subject to restrictive covenants of regulatory authority

(Rs. in lacs)

	Face value (Rs.)	Quantity	Amount	Quantity	Amount
		As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>10. NON-CURRENT INVESTMENTS (Contd.)</b>					
<b>B. Government Securities</b>					
<b>Quoted</b>					
6.13% GOI Loan 2028	100	176,000	177.57	176,000	177.67
6.35% GOI Loan 2020	100	2,500,000	2,365.79	2,500,000	2,345.94
6.49% GOI Loan 2015	100	500,000	492.13	500,000	488.54
6.90% GOI Loan 2019	100	5,000,000	4,754.74	5,000,000	4,715.74
7.02% GOI Loan 2016	100	400,000	395.77	400,000	394.52
7.80% GOI Loan 2020	100	2,500,000	2,494.53	2,500,000	2,493.76
8.13% GOI Loan 2022	100	2,500,000	2,502.58	2,500,000	2,502.85
8.24% GOI Loan 2027	100	500,000	497.06	500,000	496.85
8.26% GOI Loan 2027	100	2,500,000	2,484.32	2,500,000	2,484.32
12.40% GOI Loan 2013	100	-	-	85,000	85.10
8.26% GOI Loan 2027	100	5,000,000	4,870.24	5,000,000	4,860.10
8.97% GOI loan 2030 (Purchased during the year)	100	2,500,000	2,743.84	-	-
<b>C. Unquoted - Investment in Subordinate Debts</b>					
Yes Bank Limited	1,000,000	500	5,000.00	500	5,000.00
<b>D. Unquoted- Venture Capital Fund</b>					
ICICI Investment Management Company Limited	10,000	8,731	873.15	5,000	500.00
			<b>30,365.84</b>		<b>27,207.81</b>
<b>Aggregate Value of Quoted Investments</b>					
Cost of acquisition			24,018.58		21,285.39
Market Value			24,681.26		20,810.16
<b>Aggregate Value of Unquoted Investments</b>					
Cost of acquisition			6,180.65		5,540.00
<b>Aggregate Provision for diminution in value of investments</b>			<b>167.50</b>		<b>178.66</b>

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>11. DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax asset</b>		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	431.95	400.00
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	4,215.85	3,996.25
Provision for securitization	22,110.15	16,394.19
Provision for standard assets	2,763.28	1,936.94
<b>Gross deferred tax assets (A)</b>	<b>29,521.23</b>	<b>22,727.38</b>
<b>Deferred tax liability</b>		
Debenture Issue Expenses	808.70	893.41
<b>Gross deferred tax liability (B)</b>	<b>808.70</b>	<b>893.41</b>
<b>Net deferred tax assets (A-B)</b>	<b>28,712.53</b>	<b>21,833.97</b>

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012		
	Non Current portion	Current portion #	Non Current portion	Current portion #
<b>12. LOANS AND ADVANCES</b>				
<b>Unsecured, considered good</b>				
Capital Advances	673.94	-	59.22	-
Security Deposits	2,474.92	1,169.21	2,660.37	861.45
<b>Secured, considered good</b>				
Hypothecation loans	1,912,468.32	1,333,359.49	1,417,512.24	848,723.00
Retained interest on securitisation	31,172.67	21,172.94	6,489.41	2,783.28
Other loans	82.80	39.97	253.18	558.60
<b>Unsecured, considered good</b>				
Unsecured loans^	9,682.50	84,415.21	227.04	51,485.46
Advance - hypothecation loans	1,873.60	-	-	2,632.04
<b>Doubtful</b>				
Secured Hypothecation loans	102,908.67	-	68,736.77	-
Other loans	615.32	-	-	-
Unsecured loan	3,175.33	-	1,147.55	-

# Includes current maturities of long term loans and advances

^ Advance given to the Company in which a director is interested Rs. 136.29 lacs (March 31, 2012: Rs. 186.76 lacs)

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current portion #	Non Current portion	Current portion #
<b>12. LOANS AND ADVANCES (Contd.)</b>				
<b>Unsecured, considered good</b>				
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	38,642.08	4,492.80	29,311.70	14,208.96
Doubtful	36.14	-	-	-
<b>Secured, considered good</b>				
Securitisation Deferred Consideration Receivable	54,636.13	130,077.34	121,562.66	182,039.02
<b>Other loans and advances - Unsecured, considered good</b>				
Service tax credit (input) receivable	-	770.06	-	174.70
MAT credit entitlement	188.29	-	-	-
Prepaid expenses	362.13	928.77	771.07	2,947.93
Advance income tax (net of provision for taxation) [Refer Note 35] [net of provision for income tax Rs. 189,890.77 lacs (March 31, 2012: Rs. 112,922.33 lacs)]	5,672.26	-	4,133.87	-
	<b>2,164,665.10</b>	<b>1,576,425.79</b>	<b>1,652,865.08</b>	<b>1,106,414.44</b>

# Includes current maturities of long term loans and advances

(Rs. in lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non Current portion	Current portion	Non Current portion	Current portion
<b>13. OTHER ASSETS</b>				
<b>Unsecured, considered good</b>				
Fixed Deposits with Banks	1.00	-	-	-
Margin money deposit with banks	14,217.60	-	7,312.62	-
Interest accrued on investments	-	1,148.20	268.65	1,476.40
Interest accrued on fixed deposits with banks	505.59	5,323.77	352.42	5,019.98
Public issue expenses for non convertible debentures	1,401.11	1,091.46	1,390.62	1,363.00
Issue expenses for equity shares	891.22	152.78	1,044.00	152.78
	<b>17,016.52</b>	<b>7,716.21</b>	<b>10,368.31</b>	<b>8,012.16</b>

							(Rs. in lacs)
		Face value (Rs.)	Quantity	Amount	Quantity	Amount	
			As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012	
<b>14.</b>	<b>CURRENT INVESTMENTS</b>						
	<b>Current portion of long term investments</b> (valued at cost unless otherwise mentioned)						
a)	<b>Quoted: Government Securities</b> [Refer note 29]						
	7.40% GOI. Loan 2012	100	-	-	13,500	13.52	
	This security is redeemable on May 3, 2012 at par						
	12.40% GOI Loan 2013	100	85,000	85.03	-	-	
	This security is redeemable on August 20, 2013 at par						
	<b>Current Investments</b> (At lower of cost and fair value)						
a)	<b>Quoted: Government Securities</b>						
	8.69% Kerala 2022	100	-	-	1,000,000	978.18	
	(At cost less provision for diminution in value of Rs. 7.80 lacs (March 31, 2012 Rs. 31.60 Lacs) )						
	8.71% Andhra Pradesh 2022	100	-	-	1,000,000	984.78	
	(At cost less provision for diminution in value of Rs. 7.44 Lacs )						
	8.79% GOI Loan 2021	100	-	-	1,900,000	1,992.84	
	(At cost less provision for diminution in value of Rs. 0.70 Lacs )						
	8.83% GOI Loan 2041	100	-	-	4,000,000	4,024.83	
	9.02% Uttar Pradesh 2021	100	-	-	2,000,000	2,024.35	
	(At cost less provision for diminution in value of Rs. 13.60 Lacs (March 31, 2012 Rs. Nil) )						
	9.03% Kerala 2021	100	-	-	1,400,000	1,409.28	
	9.04% West Bengal 2021	100	-	-	100,000	104.56	
b)	<b>Unquoted: Investment in Certificate of Deposit with Banks</b>						
	Allahabad Bank		-	-	15,000	14,655.55	
	Andhra Bank		20,000	18,436.20	8,000	7,616.41	
	Axis Bank		30,000	29,229.36	5,000	4,876.10	
	Bank of Baroda		2,500	2,309.57	10,000	9,692.83	
	Bank of India		2,500	2,442.49	20,000	19,267.76	
	Bank of Maharashtra		-	-	19,900	19,403.88	
	Canara Bank		20,000	19,584.48	17,500	16,796.30	
	Central Bank of India		20,000	19,564.42	20,000	19,142.19	
	Corporation Bank		-	-	15,000	14,591.86	
	Federal Bank Limited		10,000	9,837.48	-	-	

	Face value (Rs.)	Quantity	Amount	Quantity	Amount
		As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>14. CURRENT INVESTMENTS (Contd.)</b>					
HDFC Bank Limited		5,000	4,900.71	-	-
ICICI Bank Limited		20,000	19,708.42	-	-
Industrial Development Bank of India Limited		20,000	19,583.62	25,000	23,609.72
Indian Bank		20,000	19,205.82	20,000	19,880.77
Indian Overseas Bank		-	-	7,500	7,150.62
Indusind Bank Limited		20,000	19,563.69	2,500	2,435.28
ING Vysya Bank		-	-	5,000	4,914.54
Jammu & Kashmir Bank		-	-	10,000	9,755.75
Karur Vysya Bank		20,000	19,590.16	5,000	4,885.60
Oriental Bank of Commerce		-	-	10,500	9,896.59
Punjab & Sindh Bank		-	-	20,000	19,527.29
Punjab National Bank		11,000	10,818.19	18,000	17,438.95
South Indian Bank		-	-	5,000	4,892.35
State Bank of Bikaner & Jaipur		5,000	4,913.45	5,000	4,925.82
State Bank of Mysore		-	-	17,500	16,931.18
State Bank of Patiala		-	-	2,500	2,444.04
State Bank of Travancore		-	-	7,500	7,308.43
Syndicate Bank		20,000	19,130.18	15,000	14,631.92
Tamil Nad Mercantile Bank		-	-	2,500	2,435.50
UCO Bank		-	-	22,500	21,962.08
Union Bank of India		-	-	2,000	1,949.02
United Bank of India		40,000	39,135.10	5,000	4,866.54
Vijaya Bank		20,000	19,621.26	-	-
		<b>297,659.63</b>		<b>339,417.21</b>	
<b>Aggregate Value of Quoted Investments</b>					
Cost of acquisition			85.03		11,532.34
Market Value			87.31		11,464.08
<b>Aggregate Value of Unquoted Investments</b>					
Cost of acquisition			297,574.59		327,884.85
<b>Aggregate Provision for diminution in value of investments</b>					
			-		178.66

(Rs. in lacs)

As at  
March 31, 2013As at  
March 31, 2012**15. INVENTORIES****Stock in Trade** (at lower of cost and net realisable value)

Stock of Used Commercial Vehicles

Less: Provision for non moving Inventory

96.11

3.23

**92.88**

(Rs. in lacs)

As at  
March 31, 2013As at  
March 31, 2012**16. TRADE RECEIVABLES****Unsecured, considered good**Outstanding for a period exceeding six months  
from the date they are due for payment

Other receivables

0.49

25.80

**0.49****25.80**

(Rs. in lacs)

As at March 31, 2013

As at March 31, 2012

Non Current  
portionCurrent  
portionNon Current  
portionCurrent  
portion**17. CASH AND BANK BALANCES****Cash and cash equivalents**

i) Balances with scheduled banks in:

Current accounts

377,159.68

210,618.26

Unpaid dividend accounts

629.22

499.39

Deposits with original maturity of less than three  
months

57,537.00

162,549.72

ii) Cheques on hand

5,419.28

5,584.68

iii) Cash on hand

9,488.22

4,866.22

**450,233.40****384,118.27****Other bank balances**Deposits with original maturity for more than 12  
months @

1.00

291.30

1.50

6,023.93

Deposits with original maturity for more than 3  
months but less than 12 months

24,735.24

4,348.70

Margin money deposit#

14,217.60

159,912.75

7,311.12

137,689.81

**14,218.60****184,939.29****7,312.62****148,062.44****Amount disclosed under non-current assets**  
[Refer Note 13]**(14,218.60)****(7,312.62)****-****635,172.69****-****532,180.71**

@ Includes deposits of Rs.1.00 lacs (March 31, 2012: Rs. 1.50 lacs) pledged with VAT authorities.

# Includes deposits of Rs. 151,893.09 lacs (March 31, 2012 : Rs. 120,293.42 lacs) pledged with Banks as margin for credit enhancement, Rs. 21,995.05 lacs (March 31, 2012: Rs. 22,750.21 lacs) as margin for guarantees for credit enhancement and Rs. 242.22 lacs (March 31, 2012: Rs. 1,958.81 lacs) pledged as lien against loans taken.

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>18. REVENUE FROM OPERATIONS</b>		
<b>Interest income on</b>		
- loan portfolio and related charges	470,994.67	361,766.61
- securitisation and direct assignment	187,231.65	209,345.42
- Margin money on securitisation/ assignments	12,819.22	12,180.87
- deposits with banks	1,576.53	5,032.55
- long- term investments	2,201.92	2,841.60
- current investments	2,995.36	6,299.16
<b>Other financial services</b>		
Income from Portfolio Management Services	269.82	-
Income from Commission Services	1,511.05	-
Bad debt recovery	576.94	611.53
Dividend on long- term investments	0.50	0.50
Dividend on current investments	120.12	-
Profit on sale of current investments (net)	13,786.51	9,067.75
<b>Sales of used Commercial Vehicles</b>	84.17	5,947.04
<b>Facilitation Fees</b>	7,274.41	4,780.98
	<b>701,442.87</b>	<b>617,874.01</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>19. OTHER INCOME</b>		
Income from operating lease	9.94	10.02
Profit on sale of assets (net)	0.14	-
Miscellaneous income	142.85	61.94
	<b>152.93</b>	<b>71.96</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>20. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, other allowances and bonus	41,096.68	37,683.80
Gratuity expenses	600.93	627.74
Contribution to provident and other funds	1,845.57	1,981.36
Expense on Employee Stock Option Scheme*	(86.69)	57.42
Staff welfare expenses	420.37	409.25
	<b>43,876.86</b>	<b>40,759.57</b>

\* Negative amount in the current year ended March 31, 2013 owing to forfeiture of options granted to employees in the past along with option lapse on account of employee resignation against which ESOP expense were duly booked in the past over the vesting period of such options.

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>21. FINANCE COST</b>		
<b>Interest expense</b>		
Debentures	122,412.43	74,931.49
Subordinated debts	43,798.91	40,526.97
Fixed deposits	13,520.29	11,865.97
Loans from banks	89,140.89	101,615.36
Loans from institutions and others	5,636.78	5,110.15
Commercial paper	8,455.85	1,848.73
<b>Other borrowing costs</b>		
Professional charges - resource mobilisation	5,632.00	4,488.52
Processing charges on loans	1,391.29	1,947.12
Brokerage	9,475.59	6,624.06
Sourcing fees	620.39	398.56
Service charges	3,710.35	2,359.13
Amortisation of NCD Public issue expenses	1,578.01	1,458.74
	<b>305,372.78</b>	<b>253,174.80</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>22. OTHER EXPENSES</b>		
Rent	6,565.64	5,881.83
Lease Rent for Parking Yards	428.19	645.81
Electricity expenses	768.99	702.76
DSA Commission	318.85	332.50
Repairs & maintenance		
- Buildings	15.36	0.90
- Others	1,036.52	1,334.84
Rates & taxes	434.95	209.35
Printing & stationery	1,927.87	1,474.63
Travelling & conveyance	3,869.04	4,130.41
Advertisement	593.77	382.02
Registration and Filing Fees	1.28	116.80
Business Promotion	1,528.23	954.17
Buyer and seller Facilitation Expense	502.31	320.80
Royalty	2,253.37	1,572.22
Directors' sitting fees	8.71	11.20
Insurance	463.19	413.58
Communication expenses	2,734.07	2,669.07
Payment to auditor [ Refer Note 34]		
As Auditor:		
- Audit fees	145.42	127.42
- Tax audit fees	10.21	6.77
- Out of pocket	7.50	5.23
In any other manner:		
- Certification	1.79	6.55

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>22. OTHER EXPENSES (Contd.)</b>		
Bank charges	3,311.52	2,841.69
Fees on sale of second loss credit / liquidity facilities	-	1,842.24
Processing charges on securitization	5.31	1,173.66
Professional charges on securitization	6,656.22	5,577.65
Legal & professional charges	2,286.66	2,276.40
Provision for non moving Inventory	(3.23)	3.23
Donations	499.62	539.55
Loss on sale of fixed assets (net)	47.11	42.32
Issue expenses for equity shares	152.78	152.78
Data center management service	111.81	-
Security Charges	184.86	-
Service charges paid	3,517.01	1,577.25
Miscellaneous expenses	6,101.48	5,781.19
	<b>46,486.41</b>	<b>43,106.82</b>

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>23. PROVISIONS &amp; WRITE OFFS</b>		
Provision for non performing assets	19,509.69	14,546.74
Provision for standard assets [ Refer note (f) of note 2.1]	2,546.91	929.66
Provision for credit loss on securitisation	17,617.43	18,806.24
Provision for diminution in value of investments*	(178.66)	178.66
Bad debts written off	47,728.59	43,111.51
	<b>87,223.96</b>	<b>77,572.81</b>

\* Negative amount in the current year ended March 31, 2013 owing to provision for diminution in value of investments booked on current investments during previous year ended March 31, 2012 written back on sale in current year.

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>24. EARNINGS PER SHARE</b>		
<b>Particulars</b>		
Net Profit after tax as per statement of profit and loss (Rs. in lacs) (A)	146,342.79	130,881.32
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	2,268.32	2,262.04
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	2,268.50	2,263.85
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	64.52	57.86
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	64.51	57.81

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Particulars</b>		
Weighted average number of equity shares for calculating Basic EPS (in lacs)	2,268.32	2,262.04
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	0.18	1.81
Weighted average number of equity shares in calculating Diluted EPS (in lacs)	2,268.50	2,263.85

## 25. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

### Statement of Profit and Loss

Net employee benefit expense (recognized in employee cost)

(Rs. in lacs)

Particulars	Gratuity	
	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	288.90	235.99
Interest cost on benefit obligation	124.19	73.09
Expected return on plan assets	NA	NA
Net actuarial (gain) / loss recognised in the year	187.84	318.66
Past service cost	Nil	Nil
<b>Net benefit expense</b>	<b>600.93</b>	<b>627.74</b>

### Balance sheet

Details of Provision for gratuity

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2013	March 31, 2012
Defined benefit obligation	1,927.94	1,460.99
Fair value of plan assets	NA	NA
	1,927.94	1,460.99
Less: Unrecognised past service cost	Nil	Nil
<b>Plan asset / (liability)</b>	<b>(1,927.94)</b>	<b>(1,460.99)</b>

**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2013	March 31, 2012
Opening defined benefit obligation	1,460.99	913.73
Interest cost	124.18	73.09
Current service cost	288.90	236.00
Benefits paid	(133.97)	(80.49)
Actuarial (gains) / losses on obligation	187.84	318.66
<b>Closing defined benefit obligation</b>	<b>1,927.94</b>	<b>1,460.99</b>

## 25. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.)

The Group would not contribute any amount to gratuity in 2013-14 as the scheme is unfunded.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	Gratuity		(Rs. in lacs)
	March 31, 2013	March 31, 2012	
	%	%	
Investments with insurer	NA	NA	

**The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:**

Particulars	Gratuity		(Rs. in lacs)
	March 31, 2013	March 31, 2012	
Discount Rate	8.00%	8.50%	
Increase in compensation cost	5.00%	5.00%	
Employee Turnover*	5% and 10%	5% and 10%	

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

\*5% in case of employees with service period of more than 5 years and 10% for all other employees.

**Amounts for the Current period and previous three years are as follows:**

Particulars	(Rs. in lacs)			
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	1,927.94	1,460.99	913.73	612.63
Plan assets	NA	NA	NA	NA
Surplus / (deficit)	(1,927.94)	(1,460.99)	(913.73)	(612.63)
Experience adjustments on plan liabilities	94.64	343.18	74.98	55.56
Experience adjustments on plan assets	NA	NA	NA	NA

**26.** The Group has three reportable segment viz. Providing finance to commercial vehicles, other loans (Financing activities), Trading of Used Commercial vehicles (Trading Division) and Facilitating the buyers / sellers to sell their vehicles (Service Division) which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into the account organizational Structure as well as differential risk and return of these segments. Each of the above activity is restricted to a common single geographical segment. Hence, no disclosure on geographic segment is warranted.

**For the year ended March 31, 2013**

(Rs. in lacs)

<b>Particulars</b>	<b>Financing activities</b>	<b>Trading Division</b>	<b>Service Division</b>	<b>Unallocated reconciling items</b>	<b>Total</b>
Segment Revenue	694,060.33	84.17	7,413.00	38.30	<b>701,595.80</b>
Segment results (Profit before tax and after interest on Financing Segment)	214,841.30	(11.12)	1,412.43	27.66	<b>216,270.27</b>
Less: Unallocated reconciling items	-	-	-	-	<b>4.24</b>
<b>Net profit before tax</b>					<b>216,266.03</b>
Less: Income Taxes					<b>69,877.26</b>
<b>Net profit after tax</b>					<b>146,388.77</b>
Add: Share of Profit of Associate					<b>(45.98)</b>
<b>Net profit after taxes and Share of Loss of Associate</b>					<b>146,342.79</b>
<b>Other information:</b>					
Segment assets	4,725,843.00	-	4,733.38	-	<b>4,730,576.38</b>
Unallocated corporate assets	34,124.48	-	-	260.30	<b>34,384.79</b>
<b>Total assets</b>	<b>4,759,967.48</b>	-	<b>4,733.38</b>	<b>260.30</b>	<b>4,764,961.17</b>
Segment Liabilities	4,024,615.56	-	2,015.30	-	<b>4,026,630.86</b>
Unallocated corporate liabilities	4,543.16	-	-	-	<b>4,543.16</b>
<b>Total Liabilities</b>	<b>4,029,158.72</b>	-	<b>2,015.30</b>	-	<b>4,031,174.02</b>
Capital expenditure	4,247.45	-	69.67	-	<b>4,317.12</b>
Depreciation	1,894.56	-	376.68	-	<b>2,271.24</b>
Other non cash expenditure	94,695.16	-	-	-	<b>94,695.16</b>

**For the year ended March 31, 2012**

(Rs. in lacs)

<b>Particulars</b>	<b>Financing activities</b>	<b>Trading Division</b>	<b>Service Division</b>	<b>Unallocated reconciling items</b>	<b>Total</b>
Segment Revenue	607,216.09	5,947.16	4,781.72	1.00	<b>617,945.97</b>
Segment results (Profit before tax and after interest on Financing Segment)	195,599.11	(1,581.44)	1,921.75	(169.51)	<b>195,769.92</b>
Less: Unallocated reconciling items	-	-	-	-	<b>18.60</b>
<b>Net profit before tax</b>					<b>195,751.32</b>
Less: Income Taxes					<b>64,876.00</b>
<b>Net profit after tax</b>					<b>130,875.32</b>
Less: Share of Losses of Associate					<b>6.00</b>
<b>Net profit after taxes and Share of Loss of Associate</b>					<b>130,881.32</b>
<b>Other information:</b>					
Segment assets	3,675,189.47	996.56	1,630.67	-	<b>3,677,816.70</b>
Unallocated corporate assets	25,849.06	-	-	118.78	<b>25,967.84</b>
<b>Total assets</b>	<b>3,701,038.53</b>	<b>996.56</b>	<b>1,630.67</b>	<b>118.78</b>	<b>3,703,784.54</b>
Segment Liabilities	3,098,759.18	478.85	668.12	-	<b>3,099,906.15</b>
Unallocated corporate liabilities	4,543.16	-	-	21.55	<b>4,564.71</b>
<b>Total Liabilities</b>	<b>3,103,302.34</b>	<b>478.85</b>	<b>668.12</b>	<b>21.55</b>	<b>3,104,470.86</b>
Capital expenditure	1,618.89	509.03	899.26	96.83	<b>3,124.01</b>
Depreciation	1,395.71	119.71	208.14	13.83	<b>1,737.39</b>
Other non cash expenditure	86,671.69	-	-	-	<b>86,671.69</b>

**27 | EMPLOYEE STOCK OPTION PLAN**

	Series I	Series II	Series III	Series IV	Series V	Series VI
Date of grant	31-Oct-05	1-Apr-06	9-Oct-06	17-Aug-07	15-Jul-08	13-May-09
Date of Board/committee Approval	19-Oct-05	22-Feb-06	6-Sep-06	17-Aug-07	15-Jul-08	13-May-09
Date of Shareholder's approval	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05	13-Oct-05
Number of options granted	2,962,500	832,500	910,000	109,000	77,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity
Graded Vesting Period						
After 1 year of grant date	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.					

The details of Series I have been summarized below:

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	81,900	35.00	115,100	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	10,400	35.00	33,200	35.00
Less: Expired during the period	71,500	-	-	-
Outstanding at the end of the period	-	-	81,900	35.00
Exercisable at the end of the period	-	-	81,900	-
Weighted average remaining contractual life (in years)	5.09		6.09	
Weighted average fair value of options granted	59.04		59.04	

**27. EMPLOYEE STOCK OPTION PLAN (Contd.)**

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
<b>The details of Series II have been summarized below:</b>				
Outstanding at the beginning of the period	13,500	35.00	24,000	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	6,000	35.00	10,500	35.00
Less: Expired during the period	7,500	35.00	-	-
Outstanding at the end of the period	-	-	13,500	35.00
Exercisable at the end of the period	-	-	13,500	-
Weighted average remaining contractual life (in years)		5.49		6.49
Weighted average fair value of options granted		91.75		91.75

**The details of Series III have been summarized below:**

Outstanding at the beginning of the period	39,050	35.00	55,250	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	11,400	35.00	16,200	35.00
Less: Expired during the period	23,650	-	-	-
Outstanding at the end of the period	4,000	35.00	39,050	35.00
Exercisable at the end of the period	4,000	-	39,050	-
Weighted average remaining contractual life (in years)		6.01		7.01
Weighted average fair value of options granted		74.85		74.85

**The details of Series IV have been summarized below:**

Outstanding at the beginning of the period	-	35.00	42,400	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	-	-	42,400	-
Less: Expired during the period	-	-	-	-
Outstanding at the end of the period	-	35.00	-	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		6.88		7.88
Weighted average fair value of options granted		136.40		136.40

**27. EMPLOYEE STOCK OPTION PLAN (Contd.)**

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
<b>The details of Series V have been summarized below:</b>				
Outstanding at the beginning of the period	28,400	35.00	53,900	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	23,600	35.00	25,500	35.00
Less: Expired during the period	4,800	-	-	-
Outstanding at the end of the period	-	35.00	28,400	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		7.78		8.78
Weighted average fair value of options granted		253.90		253.90

**The details of Series VI have been summarized below:**

Outstanding at the beginning of the period	32,900	35.00	45,000	35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	11,100	35.00	12,100	35.00
Less: Expired during the period	7,000	35.00		
Outstanding at the end of the period	14,800	35.00	32,900	35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		8.60		9.60
Weighted average fair value of options granted		201.45		201.45

The weighted average share price for the period over which stock options were exercised was Rs. 660.98 (March 31, 2012: Rs. 614.98)

**27. EMPLOYEE STOCK OPTION PLAN (Contd.)**

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
<b>The details of exercise price for stock options outstanding at the end of the year are:</b>				
<b>March 31, 2013</b>				
Series I	Rs. 35/-	-	5.09	Rs. 35/-
Series II	Rs. 35/-	-	5.49	Rs. 35/-
Series III	Rs. 35/-	4,000	6.01	Rs. 35/-
Series IV	Rs. 35/-	-	6.88	Rs. 35/-
Series V	Rs. 35/-	-	7.78	Rs. 35/-
Series VI	Rs. 35/-	14,800	8.60	Rs. 35/-

**The details of exercise price for stock options outstanding at the end of the year are:**

Series	Exercise Price	Number of Options Outstanding	Average Life (in years)	Weighted Average Exercise Price
<b>March 31, 2012</b>				
<b>Series I</b>				
Series I	Rs. 35/-	81,900	6.09	Rs. 35/-
Series II	Rs. 35/-	13,500	6.49	Rs. 35/-
Series III	Rs. 35/-	39,050	7.01	Rs. 35/-
Series IV	Rs. 35/-	-	7.88	Rs. 35/-
Series V	Rs. 35/-	28,400	8.78	Rs. 35/-
Series VI	Rs. 35/-	32,900	9.60	Rs. 35/-

**Stock Options granted**
**Series I:**

The weighted average fair value of stock options granted was Rs. 59.04. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2005	2006	2007	2008
Weighted average share price (Rs.)	93.30	93.30	93.30	93.30
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted	1.50	2.50	3.50	4.50
(Vesting and exercise period) in years				
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

## 27. EMPLOYEE STOCK OPTION PLAN (Contd.)

### Series II:

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	130.10	130.10	130.10	130.10
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

### Series III:

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Weighted average share price (Rs.)	111.25	111.25	111.25	111.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

### Series IV:

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2007	2008	2009	2010
Weighted average share price (Rs.)	168.05	168.05	168.05	168.05
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

**27. EMPLOYEE STOCK OPTION PLAN (Contd.)**
**Series V:**

The weighted average fair value of stock options granted was Rs. 253.90. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2008	2009	2010	2011
Weighted average share price (Rs.)	294.50	294.50	294.50	294.50
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	69.22	69.22	69.22	69.22
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63

**Series VI:**

The weighted average fair value of stock options granted was Rs. 201.45. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2009	2010	2011	2012
Weighted average share price (Rs.)	245.25	245.25	245.25	245.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

## 27. EMPLOYEE STOCK OPTION PLAN (Contd.)

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	(86.69)	57.42
Liability for employee stock options outstanding as at year end	34.00	240.58
Deferred compensation cost	0.90	16.06

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:**

In March 2005, ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Profit as reported (Rs. in lacs)	146,342.79	130,881.32
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	(86.69)	57.42
Less: Employee stock compensation under fair value method (Rs. in lacs)	(80.20)	52.14
Proforma profit (Rs. in lacs)	146,336.30	130,886.60
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	64.52	57.86
- Proforma	64.51	57.81
<b>Diluted (Rs.)</b>		
- As reported	64.51	57.81
- Proforma	64.51	57.81
Nominal Value (Rs.)	10.00	10.00

## 28. LEASES

### In case of assets taken on lease

The Group has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 6,565.64 lacs (March 31, 2012 : Rs. 5,881.83 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 144 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

(Rs. in lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Minimum Lease Payments:</b>		
Not later than one year	1,000.75	1,522.17
Later than one year but not later than five years	758.68	893.53
Later than five years	52.29	254.53

## 29.

In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 24,161.00 lacs (March 31, 2012: Rs. 21,674.50 lacs) in favour of trustees representing the public deposit holders of the Company.

## 30. RELATED PARTIES DISCLOSURE

### Related party where control exists

#### Other related parties

Enterprises having significant influence over the Company	:	Shriram Holdings (Madras) Private Limited (upto November 05, 2012) Shriram Capital Limited Newbridge India Investments II Limited Shriram Ownership Trust Shriram Financial Ventures (Chennai) Private Limited (with effect from August 31, 2012)
Associates	:	Shriram Asset Management Company Limited
Key Managerial Personnel	:	Mr. Umesh Revankar, Managing Director (with effect from April 01, 2012) Mr. R Sridhar, Managing Director (upto March 31, 2012) Mr. Pratap Paode, Chief Executive Officer (with effect from April 01, 2011) Mr. Sameer Malhotra, Chief Executive Officer (with effect from April 01, 2011)
Relatives of Key Managerial Personnel	:	Mrs. Suchita U Revankar (spouse) Master Shirish U Revankar (son) Master Shreyas U Revankar (son) Mrs. Geeta G Revankar (mother) Mrs. Padmapriya Sridhar (spouse of Mr. R Sridhar) (upto March 31, 2012) Mrs. Kamini Malhotra (spouse of Mr. Sameer Malhotra)

### 30. RELATED PARTIES DISCLOSURE (Contd.)

Enterprises having significant influence over the company		Associates	Key Management personnel(Managing Director, Whole time director, manager and other managerial personnel)			Relative of Key Managerial Personnel			Total		
			March	March	March	March	March	March	March	March	March
			31, 2013	31, 2012	31, 2013	31, 2012	31, 2013	31, 2012	March	March	March
<b>Payments/Expenses</b>											
Employee Benefits for key management personnel <sup>¶</sup>	-	-	-	-	182.19	175.11	-	-	182.19	175.11	
Car Rental Charges	-	-	-	-	-	-	5.28	4.08	5.28	4.08	4.08
Royalty	2,277.88	\$ 1,572.22	\$	-	-	-	-	-	2,277.88	1,572.22	
Data Sourcing Fees	620.39	\$ 398.56	\$	-	-	-	-	-	620.39	398.56	
Service Charges paid to Shriram Ownership Trust	3,722.35	\$ 2,360.72	\$	-	-	-	-	-	3,722.35	2,360.72	
Service Charges paid to Shriram Capital Limited	3,517.01	* 1,577.25	*	-	-	-	-	-	3,517.01	1,577.25	
Business Promotion	-	100.96	*	-	-	-	-	-	-	-	100.96
Equity Dividend Paid <sup>¶</sup>	-	-	-	-	1.52	4.71	-	2.63	1.52	7.34	
- Shriram Holdings (Madras) Private Limited	-	6,069.15	#	-	-	-	-	-	-	-	6,069.15
Shriram Capital Limited	1,755.08	* 37.13	*	-	-	-	-	-	1,755.08	37.13	
Non convertible Debenture Matured <sup>¶</sup>	-	-	-	-	-	-	1.09	-	1.09	-	
Interest on Fixed Deposit	-	-	-	-	-	-	0.12	-	0.12	-	
Interest on Subordinate Debt	-	-	-	76.30	68.27	-	1.48	0.04	0.86	76.34	70.61
Interest on Non convertible Debenture	-	-	-	0.62	-	-	1.30	1.18	-	1.80	1.30
Investment in Preference shares <sup>¶</sup>	-	-	-	100.00	-	-	-	-	100.00	-	
Rent paid	-	-	-	2.26	1.36	-	-	-	2.26	1.36	
Unsecured Loan Given <sup>¶</sup>	-	-	-	-	-	-	-	-	34,500.00	31,500.00	
- Shriram Capital Limited	34,500.00	* 31,500.00	*	-	-	-	-	-	34,500.00	31,500.00	
<b>Receipts/Income</b>											
Unsecured loan <sup>¶</sup>	37,000.00	* 32,700.00	*	-	-	-	-	-	37,000.00	32,700.00	
Interest Received on Unsecured Loan	1,167.43	* 607.52	*	-	-	-	-	-	1,167.43	607.52	
Rent & Electricity	15.17	* 7.88	*	5.40	5.40	-	-	-	20.57	13.28	
Non convertible Debenture <sup>¶</sup>	-	-	-	-	-	-	2.38	-	2.38	-	
Application money of Non convertible Debenture <sup>¶</sup>	-	-	-	-	-	10.00	0.50	-	0.50	10.00	

## 30. RELATED PARTIES DISCLOSURE (Contd.)

(Rs. in lacs)

Enterprises having significant influence over the company	Associates		Key Management personnel(Managing Director, Whole time director, manager and other managerial personnel)		Relative of Key Managerial Personnel		Total	
			March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013
<b>Balance Outstanding at the year end</b>								
Share Capital	-	-	-	-	5.08	5.34	-	4.05
- Shriram Holdings (Madras) Private Limited	-	9,337.15 #	-	-	-	-	-	-
- Shriram Capital Limited	5,850.28 *	990.68 *	-	-	-	-	-	5,850.28
Investment in Equity shares	-	-	240.00	240.00	-	-	240.00	240.00
Investment in Preference shares	-	-	100.00	-	-	-	100.00	-
Unsecured loan	-	2,500.00 *	-	-	-	-	-	2,500.00
Interest Receivable on Unsecured Loan	-	30.11 *	-	-	-	-	-	30.11
Non convertible Debenture	-	-	6.00	-	14.74	7.09	-	13.09
Interest payable on Non convertible Debenture	-	-	-	-	-	1.03	-	1.03
Rent Receivable	0.94 *	-	-	-	-	-	-	0.94
Outstanding expenses	1,998.44 \$	1,056.80 \$	-	-	-	-	-	1,998.44 \$
Fixed Deposit	-	-	-	-	-	1.02	-	1.02
Interest payable on Fixed Deposit	-	-	-	-	-	0.30	-	0.30
Subordinated debt	-	-	413.40	413.40	-	12.31	0.30	413.70
Interest payable on subordinated debt	-	-	270.57	201.91	-	2.59	0.11	270.68
								206.00

\* Denotes transaction with Shriram Capital Limited

\$ Denotes transaction with Shriram Ownership Trust

# Denotes transaction with Shriram Holdings (Madras) Private Limited

β As the liabilities for gratuity & leave encashment are provided on actuarial basis for the company as a whole, the amount pertaining to the above are not included.

Ω Denotes payments

μ Denotes receipts

**31. CONTINGENT LIABILITIES NOT PROVIDED FOR**

	(Rs. in lacs)	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
a. In respect of Income tax demands/ESOP disallowance where the Company has filed appeal before CIT(Appeals)	46,689.12	5,691.53	
b. MVAT demand where the Company has filed appeal before Tribunal	1,843.09	-	
c. Guarantees and Counter Guarantees	227,250.85	233,498.60	

Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals.

<b>Commitments not provided for</b>	(Rs. in lacs)	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
a. Estimated amount of contracts remaining to be executed on capital account	394.81	869.44	
b. Uncalled amount in investment in ICICI Investment Management Company Limited	1,626.85	2,000.00	

## 32. SECURITISATION/ DIRECT ASSIGNMENT

The Company sells loans through securitisation and direct assignment.

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

Particulars			(Rs. in lacs)
	Year ended March 31, 2013	Year ended March 31, 2012	
Total number of loan assets under par structure	216,084	152,029	
Total book value of loan assets	780,379.62	323,044.35	
Sale consideration received	780,379.62	323,044.35	

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

Particulars			(Rs. in lacs)
	Year ended March 31, 2013	Year ended March 31, 2012	
No. of SPVs sponsored by the company for securitisation transactions	34	15	
Total amount of securitised assets as per the books of SPVs sponsored by the company	943,519.90	387,170.82	
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet			
a) Off - Balance Sheet Exposures			
First Loss	751.25	-	
Others	-	-	
b) On - Balance Sheet Exposures			
First Loss	38,354.45	-	
Investment in PTC	37,112.85	-	
Amount of exposures to securitisation transaction other than MRR			
a) Off - Balance Sheet Exposures			
i) Exposures to own securitisations			
First Loss	1,207.00	4,227.00	
Others	43,955.46	29,304.33	
ii) Exposures to third party securitisations			
First Loss	-	-	
Others	-	-	
b) On - Balance Sheet Exposures			
i) Exposures to own securitisations			
First Loss	11,462.58	17,504.66	
Others	36,045.91	19,831.68	
ii) Exposures to third party securitisations			
First Loss	-	-	
Others	-	-	

## 32. SECURITISATION/ DIRECT ASSIGNMENT (Contd.)

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Total number of loan assets under par structure	51,920	178,134
Total book value of loan assets	98,050.69	494,919.03
Sale consideration received	98,050.69	494,919.03

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
No. of transactions assigned by the Company	70	72
Total amount outstanding	838,866.02	1,351,159.71
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	9,805.07	-
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	36,749.49	37,459.49
Others	134,145.21	144,263.27
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	33,577.52	42,354.78
Others	12,268.12	14,701.09
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

## 32. SECURITISATION/ DIRECT ASSIGNMENT (Contd.)

The information on direct assignment of the Company as an originator in respect of premium transaction done during the year is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Total number of loan assets under par structure	-	6,489
Total book value of loan assets	-	16,650.06
Sale consideration received	-	20,993.76

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(Rs. in lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
No. of transactions assigned by the Company	13	15
Total amount outstanding	32,801.82	84,283.47
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet		
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Amount of exposures to assigned transaction other than MRR		
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	6,168.20	6,168.20
Others	17,280.63	14,834.28
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	19,884.27	23,195.10
Others	5,727.93	11,978.78
ii) Exposures to third party assigned transactions		
First Loss	-	-
Others	-	-

**33.** Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	As at March 31, 2013	As at March 31, 2012
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

**34.** In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non convertible debentures of Rs. 53.38 lacs (March 31, 2012: Rs. 44.24 lacs) [including out of pocket expenses of Rs. 0.46 lacs (March 31, 2012: Rs. 0.12 lacs)] have been amortised as per note 13 and shown under other assets.

**35. MERGER OF SHIRIRAM HOLDINGS (MADRAS) PRIVATE LIMITED ['SHMPL'] WITH THE COMPANY**

- (a) On December 21, 2011, the Board of Directors of the Company have approved the merger SHMPL with the Company. In terms of the Scheme of Amalgamation & Arrangement (Scheme) approved by Hon'ble High Court of Madras vide order dated September 13, 2012 and subsequent filing thereof with the Registrar of Companies ('ROC'), Tamil Nadu dated November 05, 2012, Shriram Holdings (Madras) Private Limited ("SHMPL"), an Investment company has been amalgamated with the Company with effect from April 01, 2012. The scheme was effective only after the filing thereof with ROC, Tamil Nadu and had an appointed date of April 01, 2012.
- (b) Prior to the merger, SHMPL held 93,371,512 shares of the Company.
- (c) The amalgamation has been accounted for under the "Purchase method" as prescribed by "Accounting Standard 14 (AS-14) Accounting for Amalgamation" notified under Companies (Accounting Standards) Rules, 2006 (as amended).
- (d) In accordance with the said Scheme:
- All the assets (other than shares of the Company held by "SHMPL" of the Company), debts, liabilities, duties and obligations of SHMPL have been vested in the Company with effect from April 01, 2012 and have been recorded at their respective Fair values under the purchase method of accounting for amalgamation. There were no difference in the accounting policies of "SHMPL" and the Company.
  - Exchange ratio determined at 313:124 (i.e. 313 equity shares of Rs. 10/- each of the Company for every 124 equity shares of Rs. 10/- each of "SHMPL" and these equity shares ranking pari-passu with the existing equity shares of the Company).
  - Additional issue of 500,868 equity shares to the shareholders of SHMPL, pursuant to Net Assets taken of SHMPL over by the Company.
  - In accordance with the said scheme, excess of the Net Assets Value taken over by the Company vis-a-vis additional equity shares issued has been transferred to capital reserves.
  - Details of Net Assets taken over and transfer to Capital reserve is as under:

	Amount in Rupees
<b>Fair Value of the asset:</b>	
- Investment	264,510,406.00
- Cash	200.00
- Bank	11,460,048.00
- Other Asset (Advance tax)	3,534,271.00
Less: Liabilities (creditors)	(17,500.00)
<b>Fair Value of Net asset taken over</b>	<b>279,487,425.00</b>
Less:	
Additional issue of equity share (500,868 equity shares of Rs. 10/- each)	(5,008,680.00)
Amount taken to capital reserves on amalgamation	274,478,745.00

**36. ADJUSTMENT DUE TO DECREASE/(INCREASE) IN STOCK OF USED COMMERCIAL VEHICLES**

(Rs. in lacs)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening stock (A)	96.11	1,293.61
Less: Closing stock (B)	-	96.11
<b>Decrease/(Increase) in stock of used commercial vehicles (A-B)</b>	<b>96.11</b>	<b>1,197.50</b>

**37. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 OF PART II OF SCHEDULE VI OF THE ACT.**

**Details of Stock and Sales of Vehicles: March 2013**

(Rs. in lacs)

Opening Stock		Purchases		Closing Stock		Gross Sales	
Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)		Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)	Value (Rs in lacs)
25	96.11	-		-	-	25	84.17

**Details of Stock and Sales of Vehicles: March 2012**

(Rs. in lacs)

Opening Stock		Purchases		Closing Stock		Gross Sales	
Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)		Quantity (Nos)	Value (Rs in lacs)	Quantity (Nos)	Value (Rs in lacs)
354	1,293.61	1,350.00		25	96.11	1,679	5,947.04

**38. EXPENDITURE IN FOREIGN CURRENCY  
(ACCRUAL BASIS)**

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Professional Fees Paid	0.83	-	-
<b>Total</b>		<b>0.83</b>		-

**39. PREVIOUS YEAR COMPARATIVES**

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with current years presentation.

As per our report of even date

For **S.R.BATLIBOI & Co. LLP**  
 ICAI Firm Registration No. 301003E  
*Chartered Accountants*

per **Viren H. Mehta**  
*Partner*  
 Membership No. 048749

Mumbai  
 May 07, 2013

For **G. D. Apte & Co.**  
 ICAI Firm Registration No. 100515W  
*Chartered Accountants*

**C. M. Dixit**  
*Partner*  
 Membership No. 017532

For and on behalf of the Board of Directors of  
**Shriram Transport Finance Company Limited**

**Umesh Revankar**  
*Managing Director*

**R Sridhar**  
*Director*

**Vivek M. Achwal**  
*Company Secretary*





**Shriram Transport Finance Company Limited**  
[www.stfc.in](http://www.stfc.in)