

SEC /IDBI/2014-15/90/07

7<sup>th</sup> April, 2014

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

Exchange Plaza, Bandra – Kurla Complex,  
Bandra (East), Mumbai – 400 051

Dear Sir,

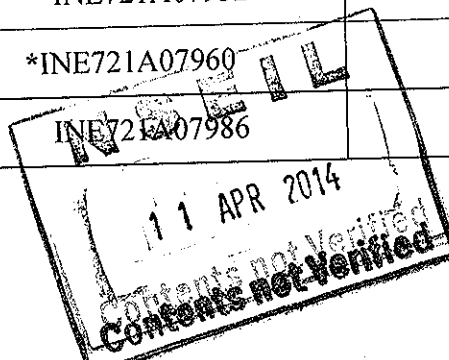
**Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of NCDs July - 2009 (Non- Convertible Debentures) of Rs.1000 Crs.**

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

1. **Credit Rating:** 'IND AA' by India Ratings & Research Private Limited (formerly known as FITCH) & 'Care AA+' by Care, letters dated 20<sup>th</sup> June, 2013 and 5<sup>th</sup> September, 2013, respectively (**Please refer Annexure – I and Annexure - II enclosed herewith**).
2. **Asset Cover available :** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
3. **Debt-Equity Ratio:** The Debt-Equity Ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
4. **Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
5. **Previous due date for the payment of interest / principal and whether the same has been paid or not :**

The last interest payment was made on 28<sup>th</sup> March, 2014 wherever Semi Annual / Annual interest payments were due on 1<sup>st</sup> April, 2014. The scrip code and ISIN are as under :

| Sr. No. | NSE SCRIP CODE | ISIN          | Interest Payment Term |
|---------|----------------|---------------|-----------------------|
| 1       | N1             | *INE721A07952 | Semi Annual           |
| 2       | N2             | *INE721A07960 | Annual                |
| 3.      | N4             | INE721A07986  | Annual                |



6. **Next due date for payment of interest / principal :** Principal together with Interest payment will be due on 26<sup>th</sup> August, 2014. The scrip codes and ISIN are as under :

| Sr. No. | NSE SCRIP CODE | ISIN           | Due date for payment of Principal                                              |
|---------|----------------|----------------|--------------------------------------------------------------------------------|
| 1       | N1             | *INE721A07952  | Balance 20% of the Face Value to be redeemed on 26 <sup>th</sup> August, 2014. |
| 2       | N2             | * INE721A07960 | Balance 20% of the Face Value to be redeemed on 26 <sup>th</sup> August, 2014. |
| 3       | N3             | INE721A07978   | Full redemption due on 26 <sup>th</sup> August, 2014.                          |
| 4       | N4             | INE721A07986   | Full redemption due on 26 <sup>th</sup> August, 2014.                          |

\* Note: Senior Citizens shall be entitled to an additional interest at the rate of 0.25% per annum.

7. **Financial results :** The financial results for the quarter and half year ended on 31<sup>st</sup> March, 2014 will be provided after the results are approved in the Board Meeting to be held in the last week of April, 2014.
8. **Name of Stock exchange on which debentures are listed :**
- BSE Limited and
  - National Stock Exchange of India Limited
9. **Listing Agreement :** The copy of listing agreement has already been submitted.

Thanking you,

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



**Vivek M. Achwal**  
 Company Secretary

Encl : a/a



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

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**From:** Saved by Windows Internet Explorer 8  
**Sent:** Thursday, June 20, 2013 6:08 PM  
**To:** Saved by Windows Internet Explorer 8  
**Subject:** India Ratings and Research Private Limited : India's Most Respected Credit Rating and Research Agency

**India Ratings  
& Research**  
 A Fitch Group Company

**Ind-Ra : Info Center : Press Releases**

### **Ind-Ra Affirms Shriram Transport Finance at 'IND AA'/Stable**

Ind-Ra-Mumbai-3 June 2013: India Ratings & Research (Ind-Ra) has affirmed Shriram Transport Finance Company Limited's (STFC) Long-Term Issuer Rating at 'IND AA' with a Stable Outlook and its Short-Term Issuer Rating at 'IND A1+'. A full rating breakdown is provided at the end of the commentary.

#### **Key Rating Drivers**

The ratings factor in STFC's dominance in India's used commercial vehicle (CV) finance market with limited organised competition in its niche segment, as well as in its healthy capitalisation, comfortable liquidity and strong profitability. While Ind-Ra believes that cyclical pressures will continue to stress STFC's asset quality in FY14 (year end March), the company's strong skill set in managing asset quality and its long operating experience should keep the ultimate (over the cycle) credit costs around its long term average of 1.5% of assets under management (AUM).

Moderating rural economic growth together with the prevailing macro-economic slowdown has resulted in the reduced availability of cargo for load. This together with the reduced margin of CV operators due to their limited ability to pass on increases in fuel costs and STFC's weaker customer profile will continue to put pressure on asset quality. The stress on asset quality, however, can be much higher if the current weakness in industrial and construction activities were to continue for longer than expected. Nevertheless, STFC's pre-operating margin buffer of 5.3% of AUM, though has slightly reduced, provides a strong cushion to absorb spikes in credit costs.

STFC's non-performing loans (FY13: 3.2%, FY12: 3.1%) could double if the company moves to the 90-days-past-due recognition basis, as per the regulator's proposed draft guidelines. While actual losses are unlikely to change, provision costs can impact return on assets by 20bps on a steady state basis.

STFC's capitalisation is healthy (FY13 Tier 1: 16.6% adjusted for credit enhancements on bilateral assignments and securitisation). Also, given its strong internal accruals, the company would not need any capital infusion if its AUM growth is closer to the management projected growth of around 15%. Moreover, the company has strong capability to raise capital if required.

The guidelines on securitisation/bilateral assignments could restrain the total size of incremental off-balance sheet transactions, impacting an important source of funding for the company. Moreover, the 30% sectoral cap on debt-based mutual funds could make capital market funding costlier. Nevertheless, STFC's relation with several banks and capital market institutions reduce this risk. Also, the expected reduction in systemic interest rates is likely to benefit the company through reduced funding costs.

STFC's liquidity is comfortable with well-matched assets and liability tenures along with sizeable liquid assets.

#### **Rating Sensitivities**

**Positive:** Sustained dominance in the used CV financing space, increased diversification in funding sources and maintenance of sufficient capitalisation buffer and operating metrics i.e. profitability and asset quality.

**Negative:** Any sharp rise in credit costs from unexpected sharp rise in slippages resulting in sharply reduced buffers and or a significant loss of franchise.

#### **Company Profile**



STFC is the largest non-banking finance company in India's asset finance segment. It is the flagship company of the Chennai-based Shriram group of companies, which also has interests in consumer finance, insurance and engineering.

**Rating actions on STFC:**

Long-Term Issuer Rating affirmed at 'IND AA'; Outlook Stable

Short-Term Issuer Rating affirmed at 'IND A1+'

INR55bn long-term non-convertible debenture programme affirmed at 'IND AA'

INR120bn long-term bank loans affirmed at 'IND AA'

INR12bn Lower Tier II Sub-debt affirmed at 'IND AA'

INR10bn short-term bank loans affirmed at 'IND A1+'

INR15bn short-term debt/commercial paper programme affirmed at 'IND A1+'

Term deposit rating affirmed at 'IND tAA'

**Contacts:**

Primary Analyst

Prakash Agarwal

Associate Director

+91 22 4000 1753

India Ratings & Research Pvt Ltd

Wockhardt Tower, West Wing, 4th Floor

Bandra Kurla Complex, Bandra (E)

Mumbai 400051

Secondary Analyst

Ehsan Syed

Director

+91 22 4000 1722

Committee Chairperson

Ananda Bhounik

Senior Director

+91 22 4000 1720

Media Relations: Saraanya Shetty, Mumbai, Tel: + 91 22 4000 1729, Email: [saraanya.shetty@indiaratings.co.in](mailto:saraanya.shetty@indiaratings.co.in).

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Applicable criteria, 'Financial Institutions Rating Criteria' and 'Rating of Bank Legacy Hybrids and Sub-debt Criteria', both dated 12 September 2012, are available on <http://www.indiaratings.co.in/>

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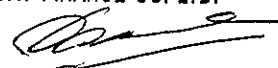
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India Ratings & Research (India Ratings) has six rating offices located at Mumbai, Delhi, Chennai, Kolkata, Bangalore and Hyderabad. India Ratings is recognised by Reserve Bank of India, Securities Exchange Board of India (SEBI) and National Housing Bank.

**CERTIFIED TRUE COPY**

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For SHRIRAM TRANSPORT FINANCE CO. LTD.



V. M. Achwal  
Company Secretary

Annexure - I

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



September 5, 2013

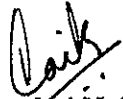
**Confidential**

Dear Sir,

**Rating of various Long Term Debt Instruments**

This is to confirm that CARE has rated long term debt instruments of Shriram Transport Finance Company Ltd. The outstanding rating for Non convertible debenture of Rs.12,150 crore and Subordinated debt Rs.3,150 crore stands at **CARE AA+ (Double A Plus)**

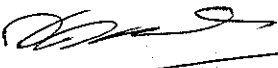
Yours faithfully

  
[Pankaj Naik]  
Manager

  
[Abhinav Sharma]  
AGM

**CERTIFIED TRUE COPY**

For SHRIRAM TRANSPORT FINANCE CO. LTD.

  
V. M. Achwal  
Company Secretary

**CREDIT ANALYSIS & RESEARCH LTD.**

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.

Tel: 022 4754 2456 Fax: 022 4754 2457

SEC /IDBI/14-13/90/09

7<sup>th</sup> April, 2014

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

Exchange Plaza, Bandra – Kurla Complex,  
 Bandra (East),  
 Mumbai – 400 051

Dear Sir,

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

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

- Credit Rating :** 'CARE AA+' by CARE and 'CRISIL AA/Stable' by CRISIL and the Unsecured NCDs have been rated 'CARE AA+' by CARE and 'CRISIL AA/Stable' by CRISIL, letters dated 5<sup>th</sup> September, 2013 and 26<sup>th</sup> September, 2013, respectively (Please refer Annexure – I and Annexure - II).
- Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Debt Equity Ratio:** The Debt Equity Ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Security Cover for the Non-Convertible Debentures:** Security Cover will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Previous due date for the payment of interest / principal and whether the same has been paid or not :**

The last interest payment was made on 28<sup>th</sup> March, 2014 wherever Semi Annual/ Annual interest payments were due on 1<sup>st</sup> April, 2014. The scrip codes and ISIN are as under :-

| Sr. No. | NSE SCRIP CODE | ISIN           | Interest payment Term |
|---------|----------------|----------------|-----------------------|
| 1       | N6             | * INE721A07AL7 | Annual                |
| 2       | N7             | INE721A07AK9   | Annual                |
| 3       | N8             | INE721A07AJ1   | Annual                |
| 4       | N9             | * INE721A07AO1 | Semi Annual           |
| 5       | NA             | INE721A07AN3   | Semi Annual           |
| 6       | NB             | INE721A07AM5   | Semi Annual           |
| 7       | NC             | * INE721A07AR4 | Annual                |
| 8       | ND             | INE721A07AQ6   | Annual                |
| 9       | NE             | INE721A07AP8   | Annual                |
| 10      | NI             | INE721A08AC4   | Annual                |

NOT VERIFIED  
 11 APR 2014  
 Contents not Verified



| Sr. No. | NSE SCRIP CODE | ISIN         | Interest payment Term |
|---------|----------------|--------------|-----------------------|
| 11      | NJ             | INE721A08AB6 | Annual                |
| 12      | NK             | INE721A08AA8 | Annual                |

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

6. **Next due date for payment of interest / principal:** The next payment will be due on 1<sup>st</sup> June 2014 (40% Redemption) and 1<sup>st</sup> October, 2014 (Semi Annual Interest). The scrip codes and ISIN are as under :-

| Sr. No. | NSE SCRIP CODE | ISIN           | Interest payment Term | Due Date for payment of Principal/Interest                         |
|---------|----------------|----------------|-----------------------|--------------------------------------------------------------------|
| 1       | NC             | * INE721A07AR4 | Annual                | 40% of the Face value to be redeemed on 1 <sup>st</sup> June 2014. |
| 2       | ND             | INE721A07AQ6   | Annual                | 40% of the Face value to be redeemed on 1 <sup>st</sup> June 2014. |
| 3       | NE             | INE721A07AP8   | Annual                | 40% of the Face value to be redeemed on 1 <sup>st</sup> June 2014. |
| 4       | N9             | * INE721A07AO1 | Semi Annual           | 1 <sup>st</sup> October, 2014                                      |
| 5       | NA             | INE721A07AN3   | Semi Annual           | 1 <sup>st</sup> October, 2014                                      |
| 6       | NB             | INE721A07AM5   | Semi Annual           | 1 <sup>st</sup> October, 2014                                      |

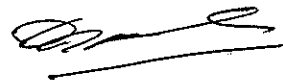
\* Note: Senior Citizens (First Allottee) in the reserved individual portion shall be entitled to an additional interest at the rate of 0.25% per annum.

7. **Financial results :** The financial results for the quarter and half year ended on 31<sup>st</sup> March, 2014 will be provided after the results are approved in the Board Meeting to be held in the last week of April, 2014.
8. **Name of Stock exchange on which debentures are listed :**
- BSE Limited and
  - National Stock Exchange of India Limited
9. **Listing Agreement :** The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**



**Vivek M. Achwal**  
**Company Secretary**



Encl : a/a

CC: -

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



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

September 5, 2013

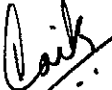
**Confidential**

Dear Sir,

**Rating of various Long Term Debt Instruments**

This is to confirm that CARE has rated long term debt instruments of Shriram Transport Finance Company Ltd. The outstanding rating for Non convertible debenture of Rs.12,150 crore and Subordinated debt Rs.3,150 crore stands at **CARE AA+ (Double A Plus)**

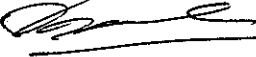
Yours faithfully

  
[Pankaj Naik]  
Manager

  
[Abhinav Sharma]  
AGM

**CERTIFIED TRUE COPY**

For SHRIRAM TRANSPORT FINANCE CO. LTD.

  
V. M. Achwal  
Company Secretary

**CREDIT ANALYSIS & RESEARCH LTD.**



## Rating Rationale

September 26, 2013  
Mumbai

## Shriram Transport Finance Company Limited

'CRISIL AA/Stable' assigned to NCD issue

|                                                                             |                                      |
|-----------------------------------------------------------------------------|--------------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                     | <b>Rs.250.00 Billion</b>             |
| <b>Long-Term Rating</b>                                                     | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Short-Term Rating</b>                                                    | <b>CRISIL A1+ (Reaffirmed)</b>       |
| <i>(Refer to annexure for details on facilities)</i>                        |                                      |
| <b>Rs.4.3 Billion Non-Convertible Debenture Issue</b>                       | <b>CRISIL AA/Stable (Assigned)</b>   |
| <b>Non-Convertible Debentures Aggregating Rs.88.50 Billion</b>              | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion</b> | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Fixed Deposit Programme</b>                                              | <b>FAA+/Stable (Reaffirmed)</b>      |
| <b>Rs.20.00 Billion Short-Term Debt Programme</b>                           | <b>CRISIL A1+ (Reaffirmed)</b>       |

CRISIL has assigned its 'CRISIL AA/Stable' rating to the Rs.4.3 billion non-convertible debenture issue of Shriram Transport Finance Company Ltd (STFCL), and has reaffirmed its ratings on the company's bank facilities and other debt instruments at 'CRISIL AA/FAA+/Stable/ CRISIL A1+'.

The ratings continue to reflect STFCL's strong market position in the pre-owned commercial vehicle (CV) financing segment, healthy capitalisation, and comfortable earnings profile. These rating strengths are partially offset by STFCL's average, though improving, resource profile; and limited diversity in its business and revenue profiles.

STFCL is a large player in the domestic CV financing segment, with Rs.496.8 billion in assets under management (AUM) as on March 31, 2013. It is the market leader in the pre-owned CV financing segment with a share of around 25 per cent. STFCL also has a healthy presence in the new CV financing segment with a market share of around 7 per cent. The company predominantly lends to the small road-transport operators (SRTO) segment, which accounts for a significant proportion of its outstanding portfolio. STFCL's AUM increased by 24 per cent in 2012-13 (refers to financial year, April 1 to March 31), from 11 per cent the previous year. The growth was largely driven by pre-owned CV financing which grew at 28 per cent and constituted 80 per cent of the company's overall AUM as on March 31, 2013. Meanwhile, STFCL's new CV financing segment grew marginally by 5 per cent, amid intense competition from banks. STFCL's AUM grew by 25 per cent (year-on-year) to Rs.525.0 billion as on June 30, 2013, primarily driven by growth in pre-owned CV financing. The company's growth is likely to be primarily driven by growth in the pre-owned CV financing segment in the near term. STFCL is expanding into rural areas which will aid growth in the segment. Moreover, STFCL has been setting up automalls to strengthen its competitive advantage in the CV financing segment, and support its growth strategy. The company has also diversified into related areas, such as construction equipment finance through its wholly-owned subsidiary.

STFCL has healthy capitalisation, supported by, its large net worth of Rs.75.0 billion, and adequate gearing (including securitisation) of 6.5 times as on June 30, 2013 (net worth and gearing were at Rs.71.6 billion, and 6.9 times, respectively, as on March 31, 2013). The company's Tier-I and overall capital adequacy ratio (CAR) were 15.95 per cent and 20.3 per cent, as on June 30, 2013. STFCL's healthy capitalisation provides adequate flexibility to support its growth, and to absorb asset-side risks. The company's overall capital adequacy declined to 20.7 per cent as on March 31, 2013 (22.3 per cent as on March 31, 2012), driven by an increase in balance sheet lending (around 43 per cent), and in the proportion of securitisation through pass-through certificates (PTC). Nevertheless, CRISIL believes that STFCL's capitalisation will remain healthy over the medium term, given its ability to access equity markets, and its comfortable accruals to net worth (20.8 per cent in 2012-13).

STFCL has a comfortable earnings profile, with its healthy interest margins, driven by its strong competitive position in the high yielding pre-owned CV financing segment, and low operating costs. The company had a healthy net interest margin (including securitisation income) of 6.0 per cent during 2012-13 (6.5 per cent in 2011-12). STFCL's operating costs are also relatively lower than those of its peers, with an operating expenses ratio at 1.4 per cent in 2012-13 (1.5 per cent the previous year). The company's return on managed assets ratio (RoMA) at 2.3 per cent in 2012-13 was higher than that of



company's return on managed assets ratio (RoMA), at 2.5 per cent in 2012-13, was higher than that of its peers. However, STFCL's RoMA declined from 2.5 per cent in 2011-12, on account of moderation in securitisation income, and an increase in provisioning costs. STFCL's RoMA was 2.2 per cent (on an annualised basis) during the quarter ended June 30, 2013. The company will maintain its profitability in line with that of its peers, despite challenges resulting primarily from high credit costs, because of the economic slowdown in the near term.

However, STFCL has an average resource profile. The company's dependence on securitisation remained high at around 37 per cent of overall borrowings (including securitisation) as on March 31, 2013, despite a decrease from 44 per cent as on March 31, 2012. The proportion of the company's borrowings through securitisation declined to 34 per cent as on June 30, 2013, with an increase in balance sheet lending. Furthermore, STFCL's cost of borrowings at 10.6 per cent during 2012-13 (11.4 per cent in 2011-12) remained higher than that of its peers. STFCL's cost of borrowing was 11.0 per cent (on an annualised basis) during the quarter ended June 30, 2013. STFCL largely depends on wholesale borrowings & borrowings from banks and financial institutions constituted around 88 per cent of its total borrowings (including securitisation) as on March 31, 2013. However, the company is likely to gradually diversify its funding profile, with increased public issuance of retail non-convertible debentures. STFCL is also likely to reduce its dependence on securitisation over the medium term. The company has adequate asset liability management (ALM) supported by large bank deposits and liquid investments, and relatively low reliance on short-term borrowings. STFCL also has adequate unutilised bank lines of Rs55.0 billion as on June 30, 2013 to meet short-term liquidity requirements.

STFCL's business segments have relatively low diversity, and continue to depend significantly on the CV financing market, which is cyclical and intensely competitive. The entry of new players in the pre-owned CV finance segment, and increasing competition from banks in the new CV segment, are likely to increase pricing pressures over the medium term.

#### Outlook: Stable

CRISIL believes that STFCL will maintain its market position in the pre-owned CV financing segment, along with its healthy capitalisation and comfortable earnings over the medium term. The outlook may be revised to 'Positive' if the company's competitive position and resource profile improve significantly. Conversely, the outlook may be revised to 'Negative', if STFCL's asset quality and earnings weaken significantly.

#### About the Company

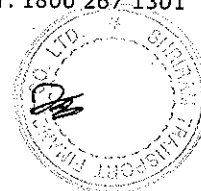
STFCL, was incorporated in 1979 and is the flagship company of the Shriram group. The company is registered with the Reserve Bank of India, as a deposit-taking, asset-financing non-banking financial company. It predominantly finances CVs (both pre-owned and new) to the SRT0 segment. It has also started financing purchase of tractors, passenger vehicles, earth-moving equipment, and large agricultural equipment, among others. The company has a pan-India presence, with 569 branches as on June 30, 2013.

STFCL reported a total income and a profit after tax (PAT) of Rs.65.6 billion and Rs.13.6 billion, respectively, for 2012-13, and Rs.58.9 billion and Rs.12.6 billion respectively for 2011-12. For the quarter ended June 30, 2013, STFCL reported a total income, and a PAT of Rs.18.7 billion and Rs.3.4 billion respectively, and Rs.15.1 billion and Rs.3.2 billion respectively, for the corresponding period of the previous year.

#### Annexure 1 - Details of Bank Facilities

| Current Facilities                        |                      |                  | Previous Facilities                     |                      |                  |
|-------------------------------------------|----------------------|------------------|-----------------------------------------|----------------------|------------------|
| Facility                                  | Amount (Rs. Billion) | Rating           | Facility                                | Amount (Rs. Billion) | Rating           |
| Long-Term Bank Facility                   | 88.6613              | CRISIL AA/Stable | Long-Term Bank Facility                 | 88.6613              | CRISIL AA/Stable |
| Proposed Long-Term Bank Loan Facility     | 53.3887              | CRISIL AA/Stable | Proposed Long-Term Bank Loan Facility   | 53.3887              | CRISIL AA/Stable |
| Cash Credit & Working Capital Demand Loan | 60.3950              | CRISIL AA/Stable | Cash Credit/Working Capital Demand Loan | 60.3950              | CRISIL AA/Stable |
| Short-Term Bank Facility                  | 11.9800              | CRISIL A1+       | Short-Term Bank Facility                | 11.9800              | CRISIL A1+       |
| Bank Guarantee Facility                   | 8.0000               | CRISIL AA/Stable | Bank Guarantee Facility                 | 8.0000               | CRISIL AA/Stable |
| Bank Guarantee Facility                   | 27.5750              | CRISIL A1+       | Bank Guarantee Facility                 | 27.5750              | CRISIL A1+       |
| <b>Total</b>                              | <b>250.0000</b>      |                  | <b>Total</b>                            | <b>250.0000</b>      |                  |

| Media Contacts                                | Analytical Contacts                       | Customer Service Helpdesk                                       |
|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------------------|
| Tanuja Abhinandan<br>Communications and Brand | Pawan Agrawal<br>Senior Director - CRISIL | Timings: 10.00 am to 7.00 pm<br>Toll free number: 1800 267 1301 |



Management  
CRISIL Limited  
Tel: +91-22- 3342 1818  
Mobile: +91- 98192 48980  
Email: tanuja.abhinandan@crisil.com

Ratings  
Tel: +91-22-3342 3301  
Email:  
pawan.agrawal@crisil.com

Email: CRISILratingdesk@crisil.com

**Jyoti Parmar**  
Communications and Brand  
Management  
CRISIL Limited  
Tel: +91-22- 3342 1835  
E-mail: jyoti.parmar@crisil.com

**Rupali Shanker**  
Director -CRISIL Ratings  
Tel: +91-22-3342 1952  
E-mail:  
rupali.shanker@crisil.com

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Last updated: May, 2013

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September 26, 2013

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[http://www.crisil.com/Ratings/RatingList/RatingDocs/ShriramTransportFinanceCompanyLimited\\_260913.htm](http://www.crisil.com/Ratings/RatingList/RatingDocs/ShriramTransportFinanceCompanyLimited_260913.htm)

**For SHRIRAM TRANSPORT FINANCE CO. LTD.**

3/3

*V. M. Achwal*  
V. M. Achwal  
Company Secretary

SEC /IDBI/14-15/90/11

April 07, 2014

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

Dear Sir,

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

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

- Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Stable' by CRISIL and the Unsecured NCDs have been rated 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Stable' by CRISIL, letters dated September 05, 2013 and September 26, 2013, respectively (**Please refer Annexure – I and Annexure - II**).
- Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Debt-Equity Ratio:** The Debt-Equity Ratio ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Security Cover for the Non- Convertible Debentures :** Security Cover will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Previous due date for the payment of interest / principal and whether the same has been paid or not :**

The last interest payment was made on March 28, 2014 wherever interest payments were due on April 01, 2014. The scrip codes and ISIN are as under:

| Sr. No. | NSE SCRIP CODE | ISIN         | Interest payment Term |
|---------|----------------|--------------|-----------------------|
| 1       | NL             | INE721A07AV6 | Annual                |
| 2       | NM             | INE721A07AW4 | Annual                |
| 3       | NN             | INE721A07AX2 | Annual                |
| 4       | NO             | INE721A07AY0 | Annual                |
| 5       | NP             | INE721A07AZ7 | Annual                |
| 6       | NQ             | INE721A07BA  | Annual                |

**NSE I L**  
**APR 2014**  
**CONTENTS NOT VERIFIED**



6. **Next due date for payment of interest / principal:** Interest payment will be due on March 31, 2015. The scrip code and ISIN are as under :

| Sr. No. | NSE SCRIP CODE | ISIN         | Interest payment Term             |
|---------|----------------|--------------|-----------------------------------|
| 1       | NL             | INE721A07AV6 | Annual                            |
| 2       | NM             | INE721A07AW4 | Annual                            |
| 3       | NN             | INE721A07AX2 | Annual                            |
| 4       | NO             | INE721A07AY0 | Full Redemption due on 11/07/2014 |
| 5       | NP             | INE721A07AZ7 | Full Redemption due on 11/07/2014 |
| 6       | NQ             | INE721A07BA8 | Full Redemption due on 11/07/2014 |

7. **Financial results:** The financial results for the quarter and half year ended on March 31, 2014 will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.

8. **Name of Stock exchange on which debentures are listed :**

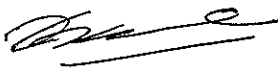
- (i) BSE Limited and
- (ii) National Stock Exchange of India Limited

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

Thanking you,

Yours faithfully,

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**



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

Encl : a/a.

CC : -

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

For IDBI TRUSTEESHIP SERVICES LTD.

  
**AUTHORISED SIGNATORY**

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



September 5, 2013

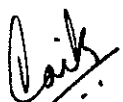
**Confidential**

Dear Sir,

**Rating of various Long Term Debt Instruments**

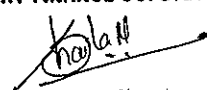
This is to confirm that CARE has rated long term debt instruments of Shriram Transport Finance Company Ltd. The outstanding rating for Non convertible debenture of Rs.12,150 crore and Subordinated debt Rs.3,150 crore stands at **CARE AA+ (Double A Plus)**

Yours faithfully

  
[Pankaj Naik]  
Manager

  
[Abhinav Sharma]  
AGM

**CERTIFIED TRUE COPY**

**For SHRIRAM TRANSPORT FINANCE CO. LTD.**  
  
Authorised Signatory

**CREDIT ANALYSIS & RESEARCH LTD.**

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.

Tel: 022 4754 2456 / 022 4754 2457



## Rating Rationale

September 26, 2013  
Mumbai

### Shriram Transport Finance Company Limited

'CRISIL AA/Stable' assigned to NCD issue

|                                                                             |                                      |
|-----------------------------------------------------------------------------|--------------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                     | <b>Rs.250.00 Billion</b>             |
| <b>Long-Term Rating</b>                                                     | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Short-Term Rating</b>                                                    | <b>CRISIL A1+ (Reaffirmed)</b>       |
| <i>(Refer to annexure for details on facilities)</i>                        |                                      |
| <b>Rs.4.3 Billion Non-Convertible Debenture Issue</b>                       | <b>CRISIL AA/Stable (Assigned)</b>   |
| <b>Non-Convertible Debentures Aggregating Rs.88.50 Billion</b>              | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion</b> | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Fixed Deposit Programme</b>                                              | <b>FAA+/Stable (Reaffirmed)</b>      |
| <b>Rs.20.00 Billion Short-Term Debt Programme</b>                           | <b>CRISIL A1+ (Reaffirmed)</b>       |

CRISIL has assigned its '**CRISIL AA/Stable**' rating to the Rs.4.3 billion non-convertible debenture issue of Shriram Transport Finance Company Ltd (STFCL), and has reaffirmed its ratings on the company's bank facilities and other debt instruments at '**CRISIL AA/FAA+/Stable/ CRISIL A1+**'.

The ratings continue to reflect STFCL's strong market position in the pre-owned commercial vehicle (CV) financing segment, healthy capitalisation, and comfortable earnings profile. These rating strengths are partially offset by STFCL's average, though improving, resource profile; and limited diversity in its business and revenue profiles.

STFCL is a large player in the domestic CV financing segment, with Rs.496.8 billion in assets under management (AUM) as on March 31, 2013. It is the market leader in the pre-owned CV financing segment with a share of around 25 per cent. STFCL also has a healthy presence in the new CV financing segment with a market share of around 7 per cent. The company predominantly lends to the small road-transport operators (SRTO) segment, which accounts for a significant proportion of its outstanding portfolio. STFCL's AUM increased by 24 per cent in 2012-13 (refers to financial year, April 1 to March 31), from 11 per cent the previous year. The growth was largely driven by pre-owned CV financing which grew at 28 per cent and constituted 80 per cent of the company's overall AUM as on March 31, 2013. Meanwhile, STFCL's new CV financing segment grew marginally by 5 per cent, amid intense competition from banks. STFCL's AUM grew by 25 per cent (year-on-year) to Rs.525.0 billion as on June 30, 2013, primarily driven by growth in pre-owned CV financing. The company's growth is likely to be primarily driven by growth in the pre-owned CV financing segment in the near term. STFCL is expanding into rural areas which will aid growth in the segment. Moreover, STFCL has been setting up automalls to strengthen its competitive advantage in the CV financing segment, and support its growth strategy. The company has also diversified into related areas, such as construction equipment finance through its wholly-owned subsidiary.

STFCL has healthy capitalisation, supported by, its large net worth of Rs.75.0 billion, and adequate gearing (including securitisation) of 6.5 times as on June 30, 2013 (net worth and gearing were at Rs.71.6 billion, and 6.9 times, respectively, as on March 31, 2013). The company's Tier-I and overall capital adequacy ratio (CAR) were 15.95 per cent and 20.3 per cent, as on June 30, 2013. STFCL's healthy capitalisation provides adequate flexibility to support its growth, and to absorb asset-side risks. The company's overall capital adequacy declined to 20.7 per cent as on March 31, 2013 (22.3 per cent as on March 31, 2012), driven by an increase in balance sheet lending (around 43 per cent), and in the proportion of securitisation through pass-through certificates (PTC). Nevertheless, CRISIL believes that STFCL's capitalisation will remain healthy over the medium term, given its ability to access equity markets, and its comfortable accruals to net worth (20.8 per cent in 2012-13).

STFCL has a comfortable earnings profile, with its healthy interest margins, driven by its strong competitive position in the high yielding pre-owned CV financing segment, and low operating costs. The company had a healthy net interest margin (including securitisation income) of 6.0 per cent during 2012-13 (6.5 per cent in 2011-12). STFCL's operating costs are also relatively lower than those of its peers, with an operating expenses ratio at 1.4 per cent in 2012-13 (1.5 per cent the previous year). The company's return on managed assets ratio (RoMA) at 2.3 per cent in 2012-13 was higher than that of

company's return on managed assets ratio (RoMA), at 2.5 per cent in 2012-13, was higher than that of its peers. However, STFCL's RoMA declined from 2.5 per cent in 2011-12, on account of moderation in securitisation income, and an increase in provisioning costs. STFCL's RoMA was 2.2 per cent (on an annualised basis) during the quarter ended June 30, 2013. The company will maintain its profitability in line with that of its peers, despite challenges resulting primarily from high credit costs, because of the economic slowdown in the near term.

However, STFCL has an average resource profile. The company's dependence on securitisation remained high at around 37 per cent of overall borrowings (including securitisation) as on March 31, 2013, despite a decrease from 44 per cent as on March 31, 2012. The proportion of the company's borrowings through securitisation declined to 34 per cent as on June 30, 2013, with an increase in balance sheet lending. Furthermore, STFCL's cost of borrowings at 10.6 per cent during 2012-13 (11.4 per cent in 2011-12) remained higher than that of its peers. STFCL's cost of borrowing was 11.0 per cent (on an annualised basis) during the quarter ended June 30, 2013. STFCL largely depends on wholesale borrowings ? borrowings from banks and financial institutions constituted around 88 per cent of its total borrowings (including securitisation) as on March 31, 2013. However, the company is likely to gradually diversify its funding profile, with increased public issuance of retail non-convertible debentures. STFCL is also likely to reduce its dependence on securitisation over the medium term. The company has adequate asset liability management (ALM) supported by large bank deposits and liquid investments, and relatively low reliance on short-term borrowings. STFCL also has adequate unutilised bank lines of Rs55.0 billion as on June 30, 2013 to meet short-term liquidity requirements.

STFCL's business segments have relatively low diversity, and continue to depend significantly on the CV financing market, which is cyclical and intensely competitive. The entry of new players in the pre-owned CV finance segment, and increasing competition from banks in the new CV segment, are likely to increase pricing pressures over the medium term.

#### **Outlook: Stable**

CRISIL believes that STFCL will maintain its market position in the pre-owned CV financing segment, along with its healthy capitalisation and comfortable earnings over the medium term. The outlook may be revised to 'Positive' if the company's competitive position and resource profile improve significantly. Conversely, the outlook may be revised to 'Negative', if STFCL's asset quality and earnings weaken significantly.

#### **About the Company**

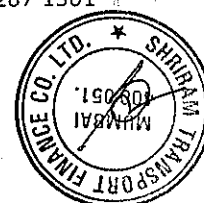
STFCL, was incorporated in 1979 and is the flagship company of the Shriram group. The company is registered with the Reserve Bank of India, as a deposit-taking, asset-financing non-banking financial company. It predominantly finances CVs (both pre-owned and new) to the SRTD segment. It has also started financing purchase of tractors, passenger vehicles, earth-moving equipment, and large agricultural equipment, among others. The company has a pan-India presence, with 569 branches as on June 30, 2013.

STFCL reported a total income and a profit after tax (PAT) of Rs.65.6 billion and Rs.13.6 billion, respectively, for 2012-13, and Rs.58.9 billion and Rs.12.6 billion respectively for 2011-12. For the quarter ended June 30, 2013, STFCL reported a total income, and a PAT of Rs.18.7 billion and Rs.3.4 billion respectively, and Rs.15.1 billion and Rs.3.2 billion respectively, for the corresponding period of the previous year.

#### **Annexure 1 - Details of Bank Facilities**

| Current Facilities                        |                      |                  | Previous Facilities                     |                      |                  |
|-------------------------------------------|----------------------|------------------|-----------------------------------------|----------------------|------------------|
| Facility                                  | Amount (Rs. Billion) | Rating           | Facility                                | Amount (Rs. Billion) | Rating           |
| Long-Term Bank Facility                   | 88.6613              | CRISIL AA/Stable | Long-Term Bank Facility                 | 88.6613              | CRISIL AA/Stable |
| Proposed Long-Term Bank Loan Facility     | 53.3887              | CRISIL AA/Stable | Proposed Long-Term Bank Loan Facility   | 53.3887              | CRISIL AA/Stable |
| Cash Credit & Working Capital Demand Loan | 60.3950              | CRISIL AA/Stable | Cash Credit/Working Capital Demand Loan | 60.3950              | CRISIL AA/Stable |
| Short-Term Bank Facility                  | 11.9800              | CRISIL A1+       | Short-Term Bank Facility                | 11.9800              | CRISIL A1+       |
| Bank Guarantee Facility                   | 8.0000               | CRISIL AA/Stable | Bank Guarantee Facility                 | 8.0000               | CRISIL AA/Stable |
| Bank Guarantee Facility                   | 27.5750              | CRISIL A1+       | Bank Guarantee Facility                 | 27.5750              | CRISIL A1+       |
| <b>Total</b>                              | <b>250.0000</b>      |                  | <b>Total</b>                            | <b>250.0000</b>      |                  |

| Media Contacts                                | Analytical Contacts                       | Customer Service Helpdesk                                       |
|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------------------|
| Tanuja Abhinandan<br>Communications and Brand | Pawan Agrawal<br>Senior Director - CRISIL | Timings: 10.00 am to 7.00 pm<br>Toll free number: 1800 267 1301 |



Management  
CRISIL Limited  
Tel: +91-22- 3342 1818  
Mobile: +91- 98192 48980  
Email:tanuja.abhinandan@crisil.com

Ratings  
Tel: +91-22-3342 3301  
Email:  
pawan.agrawal@crisil.com

Email:CRISILratingdesk@crisil.com

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Communications and Brand  
Management  
CRISIL Limited  
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E-mail: jyoti.parmar@crisil.com

**Rupali Shanker**  
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E-mail:  
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Last updated: May, 2013

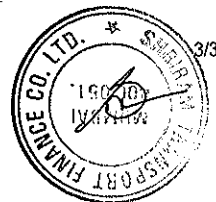
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September 26, 2013

<http://www.crisil.com>

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SEC /IDBI/14-15/90/13

April 07, 2014

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

Dear Sir,

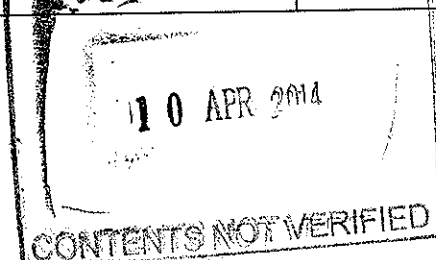
**Sub : Half Yearly Communication to Exchanges w. r. t. Our Public Issue of NCDs July - 2012 (Non- Convertible Debentures) of Rs.600 Crs.**

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

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- Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Debt-Equity Ratio:** The Debt-Equity Ratio ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Security Cover for the Non- Convertible Debentures :** Security Cover will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Previous due date for the payment of interest /principal and whether the same has been paid or not :**

The last interest payment was made on March 28, 2014 wherever Annual interest payments were due on April 01, 2014. The scrip codes and ISIN are as under:

| Sr. No. | NSE SCRIP CODE | ISIN         | Interest payment Term |
|---------|----------------|--------------|-----------------------|
| 1       | NR             | INE721A07DL1 | Annual                |
| 2       | NS             | INE721A07DM9 | Annual                |



6. **Next due date for payment of interest / principal :** Annual interest payment will be due on March 31, 2015. The scrip code and ISIN are as under :

| Sr. No. | NSE SCRIP CODE | ISIN         | Interest / principal payment Term |
|---------|----------------|--------------|-----------------------------------|
| 1       | NR             | INE721A07DL1 | Annual                            |
| 2       | NS             | INE721A07DM9 | Annual                            |

7. **Financial results:** The financial results for the quarter and half year ended on March 31, 2014 will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.

8. **Name of Stock exchange on which debentures are listed :**

- (i) BSE Limited and
- (ii) National Stock Exchange of India Limited

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

Thanking you,

Yours faithfully,

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**



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

Encl : a/a.

CC: -

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

For IDBI TRUSTEESHIP SERVICES LTD.



**AUTHORISED SIGNATORY**

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



September 5, 2013

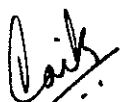
**Confidential**

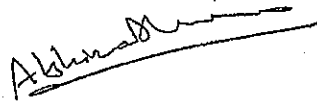
Dear Sir,

**Rating of various Long Term Debt Instruments**

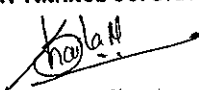
This is to confirm that CARE has rated long term debt instruments of Shriram Transport Finance Company Ltd. The outstanding rating for Non convertible debenture of Rs.12,150 crore and Subordinated debt Rs.3,150 crore stands at **CARE AA+ (Double A Plus)**

Yours faithfully

  
[Pankaj Naik]  
Manager

  
[Abhinav Sharma]  
AGM

**CERTIFIED TRUE COPY**

**For SHRIRAM TRANSPORT FINANCE CO. LTD.**  
  
Authorised Signatory

**CREDIT ANALYSIS & RESEARCH LTD.**

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.

Tel: 022 4754 2456 / 022 4754 2457



## Rating Rationale

September 26, 2013  
Mumbai

### Shriram Transport Finance Company Limited

'CRISIL AA/Stable' assigned to NCD issue

|                                                                             |                                      |
|-----------------------------------------------------------------------------|--------------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                     | <b>Rs.250.00 Billion</b>             |
| <b>Long-Term Rating</b>                                                     | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Short-Term Rating</b>                                                    | <b>CRISIL A1+ (Reaffirmed)</b>       |
| <i>(Refer to annexure for details on facilities)</i>                        |                                      |
| <b>Rs.4.3 Billion Non-Convertible Debenture Issue</b>                       | <b>CRISIL AA/Stable (Assigned)</b>   |
| <b>Non-Convertible Debentures Aggregating Rs.88.50 Billion</b>              | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion</b> | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Fixed Deposit Programme</b>                                              | <b>FAA+/Stable (Reaffirmed)</b>      |
| <b>Rs.20.00 Billion Short-Term Debt Programme</b>                           | <b>CRISIL A1+ (Reaffirmed)</b>       |

CRISIL has assigned its '**CRISIL AA/Stable**' rating to the Rs.4.3 billion non-convertible debenture issue of Shriram Transport Finance Company Ltd (STFCL), and has reaffirmed its ratings on the company's bank facilities and other debt instruments at '**CRISIL AA/FAA+/Stable/ CRISIL A1+**'.

The ratings continue to reflect STFCL's strong market position in the pre-owned commercial vehicle (CV) financing segment, healthy capitalisation, and comfortable earnings profile. These rating strengths are partially offset by STFCL's average, though improving, resource profile; and limited diversity in its business and revenue profiles.

STFCL is a large player in the domestic CV financing segment, with Rs.496.8 billion in assets under management (AUM) as on March 31, 2013. It is the market leader in the pre-owned CV financing segment with a share of around 25 per cent. STFCL also has a healthy presence in the new CV financing segment with a market share of around 7 per cent. The company predominantly lends to the small road-transport operators (SRTO) segment, which accounts for a significant proportion of its outstanding portfolio. STFCL's AUM increased by 24 per cent in 2012-13 (refers to financial year, April 1 to March 31), from 11 per cent the previous year. The growth was largely driven by pre-owned CV financing which grew at 28 per cent and constituted 80 per cent of the company's overall AUM as on March 31, 2013. Meanwhile, STFCL's new CV financing segment grew marginally by 5 per cent, amid intense competition from banks. STFCL's AUM grew by 25 per cent (year-on-year) to Rs.525.0 billion as on June 30, 2013, primarily driven by growth in pre-owned CV financing. The company's growth is likely to be primarily driven by growth in the pre-owned CV financing segment in the near term. STFCL is expanding into rural areas which will aid growth in the segment. Moreover, STFCL has been setting up automalls to strengthen its competitive advantage in the CV financing segment, and support its growth strategy. The company has also diversified into related areas, such as construction equipment finance through its wholly-owned subsidiary.

STFCL has healthy capitalisation, supported by, its large net worth of Rs.75.0 billion, and adequate gearing (including securitisation) of 6.5 times as on June 30, 2013 (net worth and gearing were at Rs.71.6 billion, and 6.9 times, respectively, as on March 31, 2013). The company's Tier-I and overall capital adequacy ratio (CAR) were 15.95 per cent and 20.3 per cent, as on June 30, 2013. STFCL's healthy capitalisation provides adequate flexibility to support its growth, and to absorb asset-side risks. The company's overall capital adequacy declined to 20.7 per cent as on March 31, 2013 (22.3 per cent as on March 31, 2012), driven by an increase in balance sheet lending (around 43 per cent), and in the proportion of securitisation through pass-through certificates (PTC). Nevertheless, CRISIL believes that STFCL's capitalisation will remain healthy over the medium term, given its ability to access equity markets, and its comfortable accruals to net worth (20.8 per cent in 2012-13).

STFCL has a comfortable earnings profile, with its healthy interest margins, driven by its strong competitive position in the high yielding pre-owned CV financing segment, and low operating costs. The company had a healthy net interest margin (including securitisation income) of 6.0 per cent during 2012-13 (6.5 per cent in 2011-12). STFCL's operating costs are also relatively lower than those of its peers, with an operating expenses ratio at 1.4 per cent in 2012-13 (1.5 per cent the previous year). The company's return on managed assets ratio (RoMA) at 2.3 per cent in 2012-13 was higher than that of

company's return on managed assets ratio (RoMA), at 2.5 per cent in 2012-13, was higher than that of its peers. However, STFCL's RoMA declined from 2.5 per cent in 2011-12, on account of moderation in securitisation income, and an increase in provisioning costs. STFCL's RoMA was 2.2 per cent (on an annualised basis) during the quarter ended June 30, 2013. The company will maintain its profitability in line with that of its peers, despite challenges resulting primarily from high credit costs, because of the economic slowdown in the near term.

However, STFCL has an average resource profile. The company's dependence on securitisation remained high at around 37 per cent of overall borrowings (including securitisation) as on March 31, 2013, despite a decrease from 44 per cent as on March 31, 2012. The proportion of the company's borrowings through securitisation declined to 34 per cent as on June 30, 2013, with an increase in balance sheet lending. Furthermore, STFCL's cost of borrowings at 10.6 per cent during 2012-13 (11.4 per cent in 2011-12) remained higher than that of its peers. STFCL's cost of borrowing was 11.0 per cent (on an annualised basis) during the quarter ended June 30, 2013. STFCL largely depends on wholesale borrowings ? borrowings from banks and financial institutions constituted around 88 per cent of its total borrowings (including securitisation) as on March 31, 2013. However, the company is likely to gradually diversify its funding profile, with increased public issuance of retail non-convertible debentures. STFCL is also likely to reduce its dependence on securitisation over the medium term. The company has adequate asset liability management (ALM) supported by large bank deposits and liquid investments, and relatively low reliance on short-term borrowings. STFCL also has adequate unutilised bank lines of Rs55.0 billion as on June 30, 2013 to meet short-term liquidity requirements.

STFCL's business segments have relatively low diversity, and continue to depend significantly on the CV financing market, which is cyclical and intensely competitive. The entry of new players in the pre-owned CV finance segment, and increasing competition from banks in the new CV segment, are likely to increase pricing pressures over the medium term.

#### **Outlook: Stable**

CRISIL believes that STFCL will maintain its market position in the pre-owned CV financing segment, along with its healthy capitalisation and comfortable earnings over the medium term. The outlook may be revised to 'Positive' if the company's competitive position and resource profile improve significantly. Conversely, the outlook may be revised to 'Negative', if STFCL's asset quality and earnings weaken significantly.

#### **About the Company**

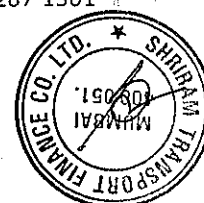
STFCL, was incorporated in 1979 and is the flagship company of the Shriram group. The company is registered with the Reserve Bank of India, as a deposit-taking, asset-financing non-banking financial company. It predominantly finances CVs (both pre-owned and new) to the SRTD segment. It has also started financing purchase of tractors, passenger vehicles, earth-moving equipment, and large agricultural equipment, among others. The company has a pan-India presence, with 569 branches as on June 30, 2013.

STFCL reported a total income and a profit after tax (PAT) of Rs.65.6 billion and Rs.13.6 billion, respectively, for 2012-13, and Rs.58.9 billion and Rs.12.6 billion respectively for 2011-12. For the quarter ended June 30, 2013, STFCL reported a total income, and a PAT of Rs.18.7 billion and Rs.3.4 billion respectively, and Rs.15.1 billion and Rs.3.2 billion respectively, for the corresponding period of the previous year.

#### **Annexure 1 - Details of Bank Facilities**

| Current Facilities                        |                      |                  | Previous Facilities                     |                      |                  |
|-------------------------------------------|----------------------|------------------|-----------------------------------------|----------------------|------------------|
| Facility                                  | Amount (Rs. Billion) | Rating           | Facility                                | Amount (Rs. Billion) | Rating           |
| Long-Term Bank Facility                   | 88.6613              | CRISIL AA/Stable | Long-Term Bank Facility                 | 88.6613              | CRISIL AA/Stable |
| Proposed Long-Term Bank Loan Facility     | 53.3887              | CRISIL AA/Stable | Proposed Long-Term Bank Loan Facility   | 53.3887              | CRISIL AA/Stable |
| Cash Credit & Working Capital Demand Loan | 60.3950              | CRISIL AA/Stable | Cash Credit/Working Capital Demand Loan | 60.3950              | CRISIL AA/Stable |
| Short-Term Bank Facility                  | 11.9800              | CRISIL A1+       | Short-Term Bank Facility                | 11.9800              | CRISIL A1+       |
| Bank Guarantee Facility                   | 8.0000               | CRISIL AA/Stable | Bank Guarantee Facility                 | 8.0000               | CRISIL AA/Stable |
| Bank Guarantee Facility                   | 27.5750              | CRISIL A1+       | Bank Guarantee Facility                 | 27.5750              | CRISIL A1+       |
| <b>Total</b>                              | <b>250.0000</b>      |                  | <b>Total</b>                            | <b>250.0000</b>      |                  |

| Media Contacts                                | Analytical Contacts                       | Customer Service Helpdesk                                       |
|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------------------|
| Tanuja Abhinandan<br>Communications and Brand | Pawan Agrawal<br>Senior Director - CRISIL | Timings: 10.00 am to 7.00 pm<br>Toll free number: 1800 267 1301 |



Management  
CRISIL Limited  
Tel: +91-22- 3342 1818  
Mobile: +91- 98192 48980  
Email:tanuja.abhinandan@crisil.com

Ratings  
Tel: +91-22-3342 3301  
Email:  
pawan.agrawal@crisil.com

Email:CRISILratingdesk@crisil.com

**Jyoti Parmar**  
Communications and Brand  
Management  
CRISIL Limited  
Tel: +91-22- 3342 1835  
E-mail: jyoti.parmar@crisil.com

**Rupali Shanker**  
Director -CRISIL Ratings  
Tel: +91-22-3342 1952  
E-mail:  
rupali.shanker@crisil.com

**Note:**

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**About CRISIL LIMITED**

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

**About CRISIL Ratings**

CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 60,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

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For further information, or to let us know your preferences with respect to receiving marketing materials, please visit [www.crisil.com/privacy](http://www.crisil.com/privacy). You can view McGraw Hill Financial's Customer Privacy Policy at <http://www.mhfi.com/privacy>.  
Last updated: May, 2013

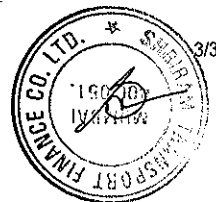
*Disclaimer: A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, [www.crisil.com](http://www.crisil.com). For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com), or at (+91 22) 3342 3000.*

September 26, 2013

<http://www.crisil.com>

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CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, 'Standardisation of Rating Symbols and Definitions'. The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, 'Revision of Rating Symbols and Definitions', at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>



SEC /IDBI/14-15/90/15

April 07, 2014

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

Dear Sir,

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

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

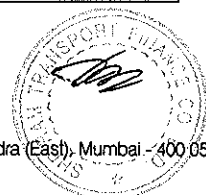
1. **Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Stable' by CRISIL and the Unsecured NCDs have been rated 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Stable' by CRISIL, letters dated September 05, 2013 and September 26, 2013, respectively (**Please refer Annexure – I and Annexure - II**).
2. **Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
3. **Debt-Equity Ratio:** The Debt-Equity Ratio ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
4. **Security Cover for the Non- Convertible Debentures :** Security Cover will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
5. **Previous due date for the payment of interest / principal and whether the same has been paid or not:**

The monthly interest payment was made on various dates i.e. November 01, 2013, December 02, 2013, January 01, 2014, February 01, 2014, March 01, 2014 and March 29, 2014 in respect of the ISIN No. **INE721A07FW3** with NSE Scrip Code **NX**.

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

- (i) Monthly interest payment will be due under ISIN No. viz. INE721A07FW3 (NSE Script NX) between the period April 01, 2014 to September 30, 2014 is appended below :

| Sr.No. | Months       | Interest due date | Pay out date   |
|--------|--------------|-------------------|----------------|
| 1      | April - 2014 | May 01, 2014      | April 30, 2014 |
| 2      | May - 2014   | June 01, 2014     | May 31, 2014   |
| 3      | June - 2014  | July 01, 2014     | July 01, 2014  |



| Sr.No. | Months           | Interest due date  | Pay out date       |
|--------|------------------|--------------------|--------------------|
| 4      | July – 2014      | August 01, 2014    | August 01, 2014    |
| 5      | August – 2014    | September 01, 2014 | September 01, 2014 |
| 6      | September – 2014 | October 01, 2014   | October 01, 2014   |

(ii) Annual interest payment will be due March 31, 2015. The scrip code and ISIN are as under :

| Sr. No. | NSE SCRIP CODE | ISIN         | Interest / principal payment Term |
|---------|----------------|--------------|-----------------------------------|
| 1       | NV             | INE721A07FU7 | Annual                            |
| 2       | NW             | INE721A07FV5 | Annual                            |

7. **Financial results:** The financial results for the quarter and half year ended on March 31, 2014 will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
8. **Name of Stock exchange on which debentures are listed :**
- (i) BSE Limited and
  - (ii) National Stock Exchange of India Limited
9. **Listing Agreement:** The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**



**Vivek M. Achwal**  
**Company Secretary**

Encl : a/a.

CC: -

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

For IDBI TRUSTEESHIP SERVICES LTD.



**AUTHORISED SIGNATORY**

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



September 5, 2013

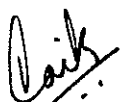
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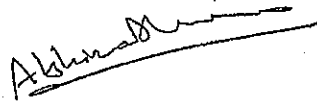
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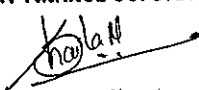
This is to confirm that CARE has rated long term debt instruments of Shriram Transport Finance Company Ltd. The outstanding rating for Non convertible debenture of Rs.12,150 crore and Subordinated debt Rs.3,150 crore stands at **CARE AA+ (Double A Plus)**

Yours faithfully

  
[Pankaj Naik]  
Manager

  
[Abhinav Sharma]  
AGM

**CERTIFIED TRUE COPY**

**For SHRIRAM TRANSPORT FINANCE CO. LTD.**  
  
Authorised Signatory

**CREDIT ANALYSIS & RESEARCH LTD.**

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.

Tel: 022 4754 2456 / 022 4754 2457



## Rating Rationale

September 26, 2013  
Mumbai

### Shriram Transport Finance Company Limited

'CRISIL AA/Stable' assigned to NCD issue

|                                                                             |                                      |
|-----------------------------------------------------------------------------|--------------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                     | <b>Rs.250.00 Billion</b>             |
| <b>Long-Term Rating</b>                                                     | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Short-Term Rating</b>                                                    | <b>CRISIL A1+ (Reaffirmed)</b>       |
| <i>(Refer to annexure for details on facilities)</i>                        |                                      |
| <b>Rs.4.3 Billion Non-Convertible Debenture Issue</b>                       | <b>CRISIL AA/Stable (Assigned)</b>   |
| <b>Non-Convertible Debentures Aggregating Rs.88.50 Billion</b>              | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion</b> | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Fixed Deposit Programme</b>                                              | <b>FAA+/Stable (Reaffirmed)</b>      |
| <b>Rs.20.00 Billion Short-Term Debt Programme</b>                           | <b>CRISIL A1+ (Reaffirmed)</b>       |

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STFCL has a comfortable earnings profile, with its healthy interest margins, driven by its strong competitive position in the high yielding pre-owned CV financing segment, and low operating costs. The company had a healthy net interest margin (including securitisation income) of 6.0 per cent during 2012-13 (6.5 per cent in 2011-12). STFCL's operating costs are also relatively lower than those of its peers, with an operating expenses ratio at 1.4 per cent in 2012-13 (1.5 per cent the previous year). The company's return on managed assets ratio (RoMA) at 2.3 per cent in 2012-13 was higher than that of

company's return on managed assets ratio (RoMA), at 2.5 per cent in 2012-13, was higher than that of its peers. However, STFCL's RoMA declined from 2.5 per cent in 2011-12, on account of moderation in securitisation income, and an increase in provisioning costs. STFCL's RoMA was 2.2 per cent (on an annualised basis) during the quarter ended June 30, 2013. The company will maintain its profitability in line with that of its peers, despite challenges resulting primarily from high credit costs, because of the economic slowdown in the near term.

However, STFCL has an average resource profile. The company's dependence on securitisation remained high at around 37 per cent of overall borrowings (including securitisation) as on March 31, 2013, despite a decrease from 44 per cent as on March 31, 2012. The proportion of the company's borrowings through securitisation declined to 34 per cent as on June 30, 2013, with an increase in balance sheet lending. Furthermore, STFCL's cost of borrowings at 10.6 per cent during 2012-13 (11.4 per cent in 2011-12) remained higher than that of its peers. STFCL's cost of borrowing was 11.0 per cent (on an annualised basis) during the quarter ended June 30, 2013. STFCL largely depends on wholesale borrowings ? borrowings from banks and financial institutions constituted around 88 per cent of its total borrowings (including securitisation) as on March 31, 2013. However, the company is likely to gradually diversify its funding profile, with increased public issuance of retail non-convertible debentures. STFCL is also likely to reduce its dependence on securitisation over the medium term. The company has adequate asset liability management (ALM) supported by large bank deposits and liquid investments, and relatively low reliance on short-term borrowings. STFCL also has adequate unutilised bank lines of Rs55.0 billion as on June 30, 2013 to meet short-term liquidity requirements.

STFCL's business segments have relatively low diversity, and continue to depend significantly on the CV financing market, which is cyclical and intensely competitive. The entry of new players in the pre-owned CV finance segment, and increasing competition from banks in the new CV segment, are likely to increase pricing pressures over the medium term.

#### **Outlook: Stable**

CRISIL believes that STFCL will maintain its market position in the pre-owned CV financing segment, along with its healthy capitalisation and comfortable earnings over the medium term. The outlook may be revised to 'Positive' if the company's competitive position and resource profile improve significantly. Conversely, the outlook may be revised to 'Negative', if STFCL's asset quality and earnings weaken significantly.

#### **About the Company**

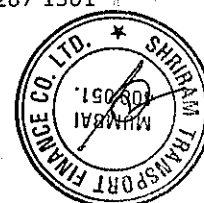
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STFCL reported a total income and a profit after tax (PAT) of Rs.65.6 billion and Rs.13.6 billion, respectively, for 2012-13, and Rs.58.9 billion and Rs.12.6 billion respectively for 2011-12. For the quarter ended June 30, 2013, STFCL reported a total income, and a PAT of Rs.18.7 billion and Rs.3.4 billion respectively, and Rs.15.1 billion and Rs.3.2 billion respectively, for the corresponding period of the previous year.

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| Current Facilities                        |                      |                  | Previous Facilities                     |                      |                  |
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| Media Contacts                                | Analytical Contacts                       | Customer Service Helpdesk                                       |
|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------------------|
| Tanuja Abhinandan<br>Communications and Brand | Pawan Agrawal<br>Senior Director - CRISIL | Timings: 10.00 am to 7.00 pm<br>Toll free number: 1800 267 1301 |



Management  
CRISIL Limited  
Tel: +91-22- 3342 1818  
Mobile: +91- 98192 48980  
Email:tanuja.abhinandan@crisil.com

Ratings  
Tel: +91-22-3342 3301  
Email:  
pawan.agrawal@crisil.com

Email:CRISILratingdesk@crisil.com

**Jyoti Parmar**  
Communications and Brand  
Management  
CRISIL Limited  
Tel: +91-22- 3342 1835  
E-mail: jyoti.parmar@crisil.com

**Rupali Shanker**  
Director -CRISIL Ratings  
Tel: +91-22-3342 1952  
E-mail:  
rupali.shanker@crisil.com

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Last updated: May, 2013

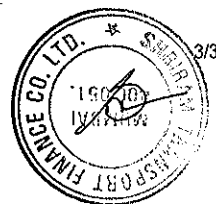
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September 26, 2013

<http://www.crisil.com>

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CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, 'Standardisation of Rating Symbols and Definitions'. The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, 'Revision of Rating Symbols and Definitions', at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>



SEC /IDBI/14-15/90/17

April 07, 2014

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

Dear Sir,

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

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

- Credit Rating:** 'CARE AA+' (Double A Plus) by CARE and 'CRISIL AA/Stable' by CRISIL, letters dated September 05, 2013 and September 26, 2013, respectively **(Please refer Annexure – I and Annexure - II).**
- Asset Cover available:** Asset Coverage ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Debt-Equity Ratio:** The Debt-Equity Ratio ratio will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Security Cover for the Non- Convertible Debentures :** Security Cover will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
- Previous due date for the payment of interest / principal and whether the same has been paid or not :**

The last interest payment was made on March 28, 2014 wherever Annual interest payments were due on April 01, 2014. The scrip codes and ISIN are as under:

| Sr. No. | NSE SCRIP CODE | ISIN         | Interest payment Term |
|---------|----------------|--------------|-----------------------|
| 1       | Y1             | INE721A07GR1 | Annual                |
| 2       | Y2             | INE721A07GS9 | Annual                |
| 3       | Y3             | INE721A07GT7 | Annual                |

10 APR 2014

CONTENTS NOT VERIFIED



6. **Next due date for payment of interest / principal :** Annual interest payment will be due on March 31, 2015. The scrip code and ISIN are as under :

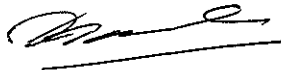
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|---------|----------------|--------------|-----------------------|
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| 2       | Y2             | INE721A07GS9 | Annual                |
| 3       | Y3             | INE721A07GT7 | Annual                |

7. **Financial results:** The financial results for the quarter and half year ended on March 31, 2014 will be provided after the results are approved in Board Meeting to be held in the last week of April, 2014.
8. **Name of Stock exchange on which debentures are listed :**
- (i) BSE Limited and
  - (ii) National Stock Exchange of India Limited
9. **Listing Agreement:** The copy of listing agreement has already been submitted.

Thanking you,

Yours faithfully,

For **SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**



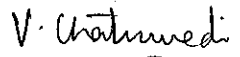
**Vivek Achwal**  
**Company Secretary**

Encl : a/a.

CC: -

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

For IDBI TRUSTEESHIP SERVICES LTD.



**AUTHORISED SIGNATORY**

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



September 5, 2013

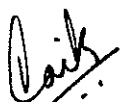
**Confidential**

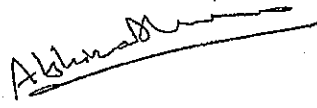
Dear Sir,

**Rating of various Long Term Debt Instruments**

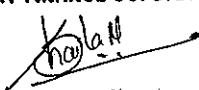
This is to confirm that CARE has rated long term debt instruments of Shriram Transport Finance Company Ltd. The outstanding rating for Non convertible debenture of Rs.12,150 crore and Subordinated debt Rs.3,150 crore stands at **CARE AA+ (Double A Plus)**

Yours faithfully

  
[Pankaj Naik]  
Manager

  
[Abhinav Sharma]  
AGM

**CERTIFIED TRUE COPY**

For SHRIRAM TRANSPORT FINANCE CO. LTD.  
  
Authorised Signatory

CREDIT ANALYSIS & RESEARCH LTD.

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.

Tel: 022 4754 2456 / 022 4754 2457



## Rating Rationale

September 26, 2013  
Mumbai

### Shriram Transport Finance Company Limited

'CRISIL AA/Stable' assigned to NCD issue

|                                                                             |                                      |
|-----------------------------------------------------------------------------|--------------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                     | <b>Rs.250.00 Billion</b>             |
| <b>Long-Term Rating</b>                                                     | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Short-Term Rating</b>                                                    | <b>CRISIL A1+ (Reaffirmed)</b>       |
| <i>(Refer to annexure for details on facilities)</i>                        |                                      |
| <b>Rs.4.3 Billion Non-Convertible Debenture Issue</b>                       | <b>CRISIL AA/Stable (Assigned)</b>   |
| <b>Non-Convertible Debentures Aggregating Rs.88.50 Billion</b>              | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Subordinated Debt Issue (Tier-II Bonds) Aggregating Rs.15.00 Billion</b> | <b>CRISIL AA/Stable (Reaffirmed)</b> |
| <b>Fixed Deposit Programme</b>                                              | <b>FAA+/Stable (Reaffirmed)</b>      |
| <b>Rs.20.00 Billion Short-Term Debt Programme</b>                           | <b>CRISIL A1+ (Reaffirmed)</b>       |

CRISIL has assigned its '**CRISIL AA/Stable**' rating to the Rs.4.3 billion non-convertible debenture issue of Shriram Transport Finance Company Ltd (STFCL), and has reaffirmed its ratings on the company's bank facilities and other debt instruments at '**CRISIL AA/FAA+/Stable/ CRISIL A1+**'.

The ratings continue to reflect STFCL's strong market position in the pre-owned commercial vehicle (CV) financing segment, healthy capitalisation, and comfortable earnings profile. These rating strengths are partially offset by STFCL's average, though improving, resource profile; and limited diversity in its business and revenue profiles.

STFCL is a large player in the domestic CV financing segment, with Rs.496.8 billion in assets under management (AUM) as on March 31, 2013. It is the market leader in the pre-owned CV financing segment with a share of around 25 per cent. STFCL also has a healthy presence in the new CV financing segment with a market share of around 7 per cent. The company predominantly lends to the small road-transport operators (SRTO) segment, which accounts for a significant proportion of its outstanding portfolio. STFCL's AUM increased by 24 per cent in 2012-13 (refers to financial year, April 1 to March 31), from 11 per cent the previous year. The growth was largely driven by pre-owned CV financing which grew at 28 per cent and constituted 80 per cent of the company's overall AUM as on March 31, 2013. Meanwhile, STFCL's new CV financing segment grew marginally by 5 per cent, amid intense competition from banks. STFCL's AUM grew by 25 per cent (year-on-year) to Rs.525.0 billion as on June 30, 2013, primarily driven by growth in pre-owned CV financing. The company's growth is likely to be primarily driven by growth in the pre-owned CV financing segment in the near term. STFCL is expanding into rural areas which will aid growth in the segment. Moreover, STFCL has been setting up automalls to strengthen its competitive advantage in the CV financing segment, and support its growth strategy. The company has also diversified into related areas, such as construction equipment finance through its wholly-owned subsidiary.

STFCL has healthy capitalisation, supported by, its large net worth of Rs.75.0 billion, and adequate gearing (including securitisation) of 6.5 times as on June 30, 2013 (net worth and gearing were at Rs.71.6 billion, and 6.9 times, respectively, as on March 31, 2013). The company's Tier-I and overall capital adequacy ratio (CAR) were 15.95 per cent and 20.3 per cent, as on June 30, 2013. STFCL's healthy capitalisation provides adequate flexibility to support its growth, and to absorb asset-side risks. The company's overall capital adequacy declined to 20.7 per cent as on March 31, 2013 (22.3 per cent as on March 31, 2012), driven by an increase in balance sheet lending (around 43 per cent), and in the proportion of securitisation through pass-through certificates (PTC). Nevertheless, CRISIL believes that STFCL's capitalisation will remain healthy over the medium term, given its ability to access equity markets, and its comfortable accruals to net worth (20.8 per cent in 2012-13).

STFCL has a comfortable earnings profile, with its healthy interest margins, driven by its strong competitive position in the high yielding pre-owned CV financing segment, and low operating costs. The company had a healthy net interest margin (including securitisation income) of 6.0 per cent during 2012-13 (6.5 per cent in 2011-12). STFCL's operating costs are also relatively lower than those of its peers, with an operating expenses ratio at 1.4 per cent in 2012-13 (1.5 per cent the previous year). The company's return on managed assets ratio (RoMA) at 2.3 per cent in 2012-13 was higher than that of

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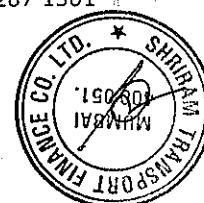
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| Tanuja Abhinandan<br>Communications and Brand | Pawan Agrawal<br>Senior Director - CRISIL | Timings: 10.00 am to 7.00 pm<br>Toll free number: 1800 267 1301 |



Management  
CRISIL Limited  
Tel: +91-22- 3342 1818  
Mobile: +91- 98192 48980  
Email:tanuja.abhinandan@crisil.com

Ratings  
Tel: +91-22-3342 3301  
Email:  
pawan.agrawal@crisil.com

Email:CRISILratingdesk@crisil.com

**Jyoti Parmar**  
Communications and Brand  
Management  
CRISIL Limited  
Tel: +91-22- 3342 1835  
E-mail: jyoti.parmar@crisil.com

**Rupali Shanker**  
Director -CRISIL Ratings  
Tel: +91-22-3342 1952  
E-mail:  
rupali.shanker@crisil.com

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