Shriram Transport Finance Company Limited

Shriram Transport Finance Company Limited (our "**Company**"), a public limited company was incorporated under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 30, 1979, issued by the Registrar of Companies, Chennai, Tamil Nadu (registered as a deposit taking Non-Banking Financial Company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934)). For details regarding change in the registered office, please see "*History and Corporate Structure*" on page 92**.**

Corporate Identification Number: L65191TN1979PLC007874
Registered Office: Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu- 600 004 **Tel No:** +91 44 2499 0356
Corporate Office: Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 **Tel No**: +91 22 4095 9595
Website: www.stfc.in **Compliance Officer and Contact Person**: Mr. Vivek Madhukar Achwal; **E-mail**: stfcricomp@stfc.in

PROMOTER OF OUR COMPANY: SHRIRAM CAPITAL LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SHRIRAM TRANSPORT FINANCE COMPANY LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF Rs. 10 EACH ("RIGHTS EQUITY SHARES") NOT EXCEEDING Rs. 15,000 MILLION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY FOR CASH AT A PRICE OF Rs. [●] PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF Rs. [●] PER RIGHTS EQUITY SHARE) IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS, ON [●] ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE REFER TO THE SECTION TITLED "*TERMS OF THE ISSUE*" BEGINNING ON PAGE 399.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" beginning on page 15 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of our Company are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received "*in-principle*" approvals from BSE and NSE for listing the Rights Equity Shares to be Allotted pursuant to the Issue through their letters each dated [●].Our Company will also make applications to the Stock Exchanges to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is NSE.

GLOBAL CO-ORDINATORS AND LEAD MANAGERS TO THE ISSUE

ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020, Maharashtra **Telephone no.**: +91 22 2288 2460 **E-mail**: stfc.rights@icicisecurities.com **Investor grievance e-mail**: customercare@icicisecurities.com **Website**: www.icicisecurities.com **Contact Person**: Rishi Tiwari/ Nidhi Wangnoo **SEBI Registration No.**: INM000011179	**BNP Paribas** BNP Paribas House, 1-North Avenue, Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051 **Telephone no.**: +91 22 3370 4000 **E mail**: dl.rights.stfc@asia.bnpparibas.com **Investor Grievance e-mail**: indiainvestors.care@asia.bnpparibas.com **Website:** www.bnpparibas.co.in **Contact Person:** Mehul Golwala **SEBI Registration No.**: INM000011534	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Center G-Block, C 54 & 55 Bandra Kurla Complex Bandra (East) , Mumbai 400 098 Maharashtra, India **Telephone no.:** +91 22 6175 9999 **E mail**: projectsapphire2020.apac@citi.com **Investor Grievance e-mail**: investors.cgmib@citi.com **Website:** www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm **Contact Person:** Siddharth Sharma **SEBI Registration No.**: INM000010718	**Credit Suisse Securities (India) Private Limited** 9th Floor, Ceejay House Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018 **Telephone no.:** +91 22 6777 3885 **E mail**: list.projectsapphire2020@credit-suisse.com **Investor Grievance e-mail**: list.igcellmer-bnkg@credit-suisse.com **Website:** www.credit-suisse.com **Contact Person:** Abhishek Joshi **SEBI Registration No.**: INM000011161	**HSBC Securities and Capital Markets (India) Private Limited** 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001 **Telephone no.:** +91 22 2268 5555 **E mail:** stfcrights@hsbc.co.in **Investor Grievance e-mail:** investorgrievance@hsbc.co.in **Website:** https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback **Contact Person:** Mr. Ayush Jain / Ms. Sanjana Maniar **SEBI Registration No.**: INM000010353

GLOBAL CO-ORDINATORS AND LEAD MANAGERS TO THE ISSUE	**JOINT LEAD MANAGERS TO THE ISSUE**		**REGISTRARS TO THE ISSUE**	
J.P. Morgan India Private Limited J.P. Morgan Towers Off CST Road, Kalina, Santacruz East, Mumbai 400 098 **Telephone no.:** +91 22 6157 3000 **E mail**: stfc.rights@jpmorgan.com **Investor Grievance e-mail**: investorsmb.jpmipl@jpmorgan.com **Website:** www.jpmipl.com **Contact Person:** Shagun Gupta **SEBI Registration No.**: INM000002970	**Axis Capital Limited** 1st Floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg Worli, Mumbai 400 025 **Telephone no.**: +91 22 4325 2183 **E mail**: stfcl.rights@axiscap.in **Investor Grievance e-mail**: complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact Person:** Sagar Jatakiya **SEBI Registration No.**: INM000012029	**SBI Capital Markets Limited** 202, Market Tower 'E' Cuffe Parade, Mumbai 400 005 **Telephone no.:** +91 22 2217 8300 **E mail**: stfc.rights@sbicaps.com **Investor Grievance e-mail**: investor.relations@sbicaps.com **Website:** www.sbicaps.com **Contact Person:** Aditya Deshpande / Sylvia Mendonca **SEBI Registration No.**: INM000003531	**Kfin Technologies Private Limited** ***(formerly known as "Karvy Fintech Private Limited")*** Plot No 31 and 32, Tower B, Selenium Gachibowli, Hyderabad 500 032 **Telephone no.**: +91 40 6716 2222 **E-mail**: stfc.rights@kfintech.com **Investor grievance e-mail**: einward.ris@kfintech.com **Website**: www.kfintech.com **Contact Person**: M Murali Krishna **SEBI Registration No.**: INR000000221	**Integrated Registry Management Services Private Limited** 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 **Tel:** +91 44 2814 0801, +91 44 2814 0802 and +91 44 2814 0803 **Fax:**+91 44 2814 2479 **Email**: stfcrights@integratedindia.in **Investor Grievance Email**: sureshbabu@integratedindia.in **Website**: www.integratedindia.in **Contact Person**: Ms. Anusha N // Mr. K Balasubramanian **SEBI Registration No:** INR000000544

ISSUE SCHEDULE#

ISSUE OPENS ON	**[●], 2020**
LAST DATE FOR ON MARKET RENUNCIATION*	**[●], 2020**
ISSUE CLOSES ON	**[●], 2020**

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

 # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

[This page has been intentionally left blank]

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted, from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The following list of certain capitalized terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act, and the respective rules and regulations made thereunder.

Unless the context otherwise requires, references in this Letter of Offer to "Company" are to Shriram Transport Finance Company Limited, on a standalone basis and to "we" or "us" or "our" are to Shriram Transport Finance Company Limited, on a consolidated basis.

Company Related Terms

Term	Description
Articles of Association / Articles / AoA	Articles of Association of our Company, as amended
Board of Directors / Board	Board of directors of our Company or a duly constituted committee thereof
Consolidated Financial Statements	The audited consolidated Ind AS financial statements of the Company, comprising the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows for the year then ended and the statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.
Corporate Office	Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
Director(s)	Any or all the director(s) of our Company, as may be appointed from time to time
Equity Shares	Equity shares of our Company having a face value of Rs. 10 each
Financial Statements	The Consolidated Financial Statements and Standalone Financial Statements, collectively.
Independent Director	Independent directors on the Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
Joint Statutory Auditors	Joint Statutory auditors of our Company, being Haribhakti & Co. LLP, Chartered Accountants and Pijush Gupta & Co., Chartered Accountants
Memorandum of Association / Memorandum / MoA	Memorandum of Association of our Company, as amended
Promoter	Shriram Capital Limited
Promoter Group	Promoter group of our Company as determined in terms of Regulation 2(1)(pp) of SEBI ICDR Regulations
Registered Office	Registered office of our Company situated at Mookambika Complex, 3rd Floor, No. 4, Lady Desika Road, Mylapore, Chennai, Tamil Nadu- 600 004
Registrar of Companies	Registrar of Companies, Tamil Nadu at Chennai

Term	Description
Standalone Financial Statements	The audited standalone Ind AS financial statements of the Company, comprising the standalone balance sheet as at March 31, 2020, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of cash flows for the year then ended and the statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of SEBI ICDR Regulations and Companies Act
Allot / Allotment / Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●].
Allotment Date	Date on which the Allotment will be made
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and / or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on OAP facility (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Form in terms of which an Applicant shall make an application to subscribe to the Rights Equity Shares pursuant to the Issue, including plain-paper applications and online application form available for submission of application using the OAP or though the website of the SCSBs (if made available by such SCSBs) under the ASBA process
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper application
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Axis	Axis Capital Limited
Bankers to the Issue	[●]
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in "*Terms of the Issue – Basis of Allotment*" beginning on page 428.

Term	Description
BNP	BNP Paribas
Citi	Citigroup Global Markets India Private Limited
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrars to the Issue and the Stock Exchanges, a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
CS	Credit Suisse Securities (India) Private Limited
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	NSE
Eligible Equity Shareholders	Holder(s) of the Equity Shares of our Company as on the Record Date
Global Co-ordinators and Lead Managers to the Issue	ICICI Securities Limited, BNP Paribas, Citigroup Global Markets India Private Limited, Credit Suisse Securities (India) Private Limited, HSBC Securities and Capital Markets (India) Private Limited and J.P. Morgan India Private Limited
HSBC	HSBC Securities and Capital Markets (India) Private Limited
I-Sec	ICICI Securities Limited
Issue	Issue of [●] Rights Equity Shares of face value of Rs. [●] each of the Company for cash at a price of Rs. [●] per Rights Equity Share (including a premium of Rs. [●] per Rights Equity Share) not exceeding an amount of Rs. 15,000 million by the Company to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date, i.e. [●].
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	Period from and including the Issue Opening Date to and including the Issue Closing Date
Issue Price	Rs. [●] per Rights Equity Share
Issue Size	Monies received by our Company pursuant to the Rights Equity Shares which are allotted pursuant to the Issue, i.e. amount aggregating up to Rs. 15,000 million
Joint Lead Managers	Axis Capital Limited and SBI Capital Markets Limited
JPM	J.P. Morgan India Private Limited
Lead Managers	Global Co-ordinators and Lead Managers to the Issue and Joint Lead Managers
Letter of Offer	This letter of offer dated [●], filed with the Stock Exchanges and SEBI
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
MCA Circular	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India.
Monitoring Agency	[●]
Multiple Application Form	More than one Application form submitted by an Eligible Shareholder/Renouncee in respect of the same Rights Entitlements available in their demat account. However additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Gross proceeds of the Issue less Issue related expenses. For details, please refer to the section titled "*Objects of the Issue*" beginning on page 72
Non-ASBA Investor	Investors other than ASBA Investors, who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a Qualified Institutional Buyer
OAP	Registrar's web based application platform accessible at https://rights.kfintech.com/shriram, instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/ submitting online Application Forms by resident Investors. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

Term	Description
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●].
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
Qualified Institutional Buyers / QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the shareholders eligible to apply for the Rights Equity Shares in the Issue, being [●]
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under SEBI FPI Regulations
Registrars to the Issue / Registrars	Kfin Technologies Private Limited (formerly known as "*Karvy Fintech Private Limited*") and Integrated Registry Management Services Private Limited
Renouncee(s)	Person(s) who has / have acquired Rights Entitlement from the Eligible Equity Shareholders
Retail Individual Investor(s)	Individual investors who have applied for Rights Equity Shares for a value not more than Rs. 200,000 (including HUFs applying through their karta) through one or more applications as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholder on the Record Date
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the OAP and on the website of our Company
Rights Equity Shareholder	A holder of the Rights Equity Shares, from time to time
Rights Equity Shares	Equity Shares to be Allotted pursuant to the Issue
SBICAP	SBI Capital Markets Limited
SCSB(s)	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
SEBI Rights Issue Circular	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the account opened with the Banker(s) to the Issue, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Underwriters	[●]

Term	Description
Wilful Defaulter	Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI
Working Day(s)	Working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Conventional and General Terms

Term	Description
Companies Act	The Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the rules made thereunder
Companies Act, 2013	Companies Act, 2013, along with relevant rules made thereunder
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
FCNR Account	Foreign Currency Non-Resident Account
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year / FY / Fiscal	Period of 12 months ended March 31 of that particular year
Income-tax Act	Income-tax Act, 1961
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Worth	The aggregate of the paid-up Equity Share capital and other equity
Non-Resident / NR	Persons resident outside India, as defined in the FEMA
Regulation S	Regulation S under the Securities Act
Rupees / Rs. / INR	The lawful currency of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI SAST Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933
U.S. / USA / United States	United States of America, including the territories or possessions thereof, as defined in Regulation S
Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

Industry Related Terms

Term	Description
AUM	Assets under Management
BAGICL	Bajaj Allianz General Insurance Company Limited
CAR	Capital Adequacy Ratio computed on the basis of applicable RBI requirements
CV	Commercial Vehicle
ECL	Expected credit loss
FD	Fixed Deposit
FTB(s)	First Time Buyers
ICRA	ICRA Limited
IRACP	Income Recognition, Asset Classification and Provisioning
KYC	Know Your Customer
NBFC	Non- Banking Financial Company
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NCD	Non-convertible debenture
ROA	Return on asset
ROE	Return on equity
SGIC	Shriram General Insurance Company Limited
SOT	Shriram Ownership Trust
SRTO(s)	Small Road Transport Operators
STO(s)	Small Truck Owners
SVS	Shriram Value Services Limited

Abbreviations

Term	Description
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS / Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CIN	Corporate identity number
DP / Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EBITDA	Earnings before interest, taxes depreciation and amortisation
EPS	Earnings per share
FCNR	Foreign Currency Non-Resident
FDI	Foreign direct investment
FVCI(s)	Foreign venture capital investors, as defined in and registered under SEBI FVCI Regulations
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
Government	Central Government and / or the State Government, as applicable
GST	Goods and services tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
ISIN	International Securities Identification Number allotted by the Depository
IT	Information Technology
KMP	Key managerial personnel
MCA	Ministry of Corporate Affairs, Government of India

Term	Description
MICR	Magnetic Ink Character Recognition
MoF	Ministry of Finance, Government of India
NEFT	National Electronic Fund Transfer
NRE Account	Non-resident external account
NRI	Non-resident Indian, as defined in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
p.a.	Per annum
PAN	Permanent account number
PBT	Profit before tax
RBI	Reserve Bank of India
RoC	Registrar of Companies
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
VCF(s)	Venture capital funds, as defined in and registered under SEBI VCF Regulations

Notwithstanding the foregoing, terms under the sections titled "*Financial Statements*", "*Statement of Tax Benefits*" and "*Outstanding Litigations and Defaults*" beginning on pages 99, 75 and 386, of this Letter of Offer, respectively, shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders of our Company and in accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to send the Letter of Offer / Abridged Letter of Offer, Application Form and the Rights Entitlement Letter, shall not be mailed the Letter of Offer / Abridged Letter of Offer, Application Form and the Rights Entitlement Letter. Our Company, the Lead Managers and the Registrars will not be liable for non-dispatch of physical copies of offering materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Further, this Letter of Offer will be provided, only through e-mail, by the Registrars on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrars, our Company, the Lead Managers, and the Stock Exchanges and on OAP.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, this Letter of Offer, the Abridged Letter of Offer, the Application Form (including by way of electronic means) or the Rights Entitlement Letter or any offering materials or advertisements in connection with the Issue may not be distributed or received in any jurisdiction outside India and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any offering materials or advertisements in connection with the Issue will not constitute an offer, invitation to or solicitation by anyone in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and any offering materials and advertisements in connection with the Issue must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares or the Rights Entitlements and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter in, or into, any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or purchase or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE ISSUE OF THE RIGHTS EQUITY SHARES. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF THE RIGHTS EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR ANY OF THE LEAD MANAGERS IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE RIGHTS EQUITY SHARES

REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

THIS LETTER OF OFFER IS BEING DELIVERED ONLY TO INVESTORS IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE, ON REGULATION S. NONE OF THE RIGHTS ENTITLEMENT OR THE RIGHTS EQUITY SHARES HAS BEEN, OR WILL BE, REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS IN THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE U.S. STATE SECURITIES LAWS.

NOTICE TO THE INVESTOR

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

CERTAIN CONVENTIONS AND PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to ‘India’ are to the Republic of India and its territories and possessions and the ‘Government’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Financial Statements. Our Company’s financial year commences on April 1 of every calendar year and ends on March 31 of the following calendar year. For details of the Financial Statements, please refer to the section titled “*Financial Statements*” beginning on page 99.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and / or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither our Company nor the Lead Managers make any representation as to the accuracy of that information. Accordingly, investors should not place undue reliance on this information.

Currency of Presentation

All references to ‘INR’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India.

Our Company has presented certain numerical information in this Letter of Offer in million units. One million represents 1,000,000 and the word ‘million’ means ‘10 lakhs’, the word ‘crore’ means ‘10 million’ or ‘100 lakhs’ and the word ‘billion’ means ‘1,000 million’ or ‘100 crore’.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements.' Investors can generally identify forward-looking statements by terminology including 'aim', 'anticipate', 'are likely' 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'will achieve', 'will continue', 'will likely result', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party) involve known and unknown risks, uncertainties, assumptions and other factors that may significantly affect the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are based on our current plans and expectations and are subject to risks, uncertainties and assumptions about our Company that could significantly affect our current plans and expectations and cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- The impact of the COVID-19 pandemic on our business and operations;
- Instability of global and Indian economies and banking and financial sectors could affect the liquidity of our Company, which could have a material adverse effect on our Company's financial condition;
- Any volatility in interest rates, which could cause our net interest income and margins to decline and adversely affect our return on assets and profitability;
- Any disruption in funding sources would have a material adverse effect on our liquidity, financial condition and/or cash flows;
- There are outstanding legal proceedings against our Company which may adversely affect our business, financial condition and results of operations;
- If we are unable to manage the level of non-performing assets Stage 3 Assets in our loan portfolio, our financial position, results of operations and cash flows may suffer; and
- Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections titled "*Risk Factors*" and "*Our Business*" beginning on pages 15 and 78, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI / Stock Exchanges requirements, our Company and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SECTION II – RISK FACTORS

This offering and an investment in equity shares involve a high degree of risk. This section describes the risks that we currently believe may materially affect our business and operations. You should carefully consider the following, in addition to any forward-looking statements and the cautionary statements in this Letter of Offer and the other information contained in this Letter of Offer, before making any investment decision relating to the Rights Equity Shares. Prospective investors should read this section in conjunction with the sections 'Our Business', 'Forward Looking Statements' and 'Financial Statements', as well as other financial and statistical information contained in this Letter of Offer. The occurrence of any of the following events, or the occurrence of other risks that are not currently known or are now deemed immaterial, could cause our business, results of operations, cash flows, financial condition and prospects to suffer and could cause the market price of our Equity Shares to decline or fall significantly and you may lose all or part of your investment.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the anticipated results in the forward-looking statements as a consequence of certain factors including the considerations described below and elsewhere in this Letter of Offer.

The risks described below are not the only ones relevant to us or the Equity Shares. Additional risks that may be unknown to us and some risks that we do not currently believe to be material could subsequently turn out to be material. Although we seek to mitigate or minimize these risks, one or more of a combination of these risks could materially and adversely impact our business, financial condition and results of operations. Investors should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory regime which in some respects may be different from that applicable in other countries. Prospective investors should consult their own tax, financial and legal advisors about the particular consequences of an investment in the Issue.

All financial information used in this section is derived from the Financial Statements. For additional details, please refer to the section titled "Financial Statements" beginning on page 99.

Considerations relating to our Company and its Business

1. The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted.

Due to the emergence of the COVID-19 pandemic, the Government of India has introduced stringent measures to prevent the spread of the disease. As on the date hereof, certain restrictions imposed by the GoI, such as on free movement or maintenance of social distancing, have not been completely lifted and there is no viable vaccine or cure for the disease as on date. As the viral pandemic has not yet fully subsided, there is little comprehension on the full impact of the pandemic induced lockdown on the Indian or the global economy. While the GoI has through the Ministry of Finance issued a series of liquidity enhancement measures to counteract the slowdown caused by a reduction in economic activity during the lockdown, the impact of such measures remain unknown at the present moment.

Some of the ascertainable impact of COVID-19 pandemic and the pandemic induced lockdown on our business and operations include:

- Restrictions on movement of people during the lockdown has adversely impacted our cash collections due to inability of employees to make on-field visits;
- The lockdown has adversely impacted the business of our customers, which in turn has adversely impacted our business, including disbursements;
- Adverse liquidity on account of an RBI mandated moratorium, which in turn will also lead to delayed interest payment till the end of the deferred repayment period leading to potential asset-liability mismatches;
- Anticipation of increase in Expected Credit Loss ("**ECL**") due to general slowdown in the Indian economy on account of pandemic and extension of RBI mandated moratorium;
- A slowdown on further branch expansion;
- Downgrades in our credit ratings; and
- Implementation of a no increment policy for our employees and other cost optimization measures.

While our Company continued to be operational during the lockdown in accordance with the guidelines issued by the Ministry of Home Affairs and the concerned State Governments, from time to time, there can be no assurance that upon complete easing of the pandemic containment measures, economic activity in general or the level of business of our Company in the past will continue to exist. Additionally, as we gradually transition towards pre-pandemic levels of office attendance for our employees, sanitisation and precautionary measures undertaken may cause our Company to incur additional expenses to maintain the health of customers visiting our branches and employees, including operating with limited staff or at limited times, which in turn will impact our business and results of operations. Further, if any of our employees contract COVID-19 and/or are unable to continue working, we may be compelled to undertake additional measures including temporary suspension of operations at a particular branch, which in turn will impact our business and results of operations.

As a part of the incentive package to help the Indian economy recover from the stagnation caused by the COVID-19 induced lockdown, the Ministry of Finance has announced various liquidity enhancement measures, including provision of funding to certain specified sectors such as micro, medium and small-scale enterprises. While the operational guidelines for the implementation of such liquidity enhancement schemes are gradually being disclosed, any requirement to provide additional credits to sectors, where we have limited experience, may require us to dedicate substantial manpower and resources towards understanding the nuances of such sectors. Additionally, given our limited experience in these sectors, we may be subjected to increased number of Stage 3 Assets.

The negative impacts of the COVID-19 pandemic will be reflected in the turnover and profitability of the Company for the Fiscal 2021, however, the level of the same cannot be ascertained at present. The Company has made additional expected credit loss provision in the financial statements for the year ended March 31, 2020.

Due to the limited information available currently, we have not been able to quantify the full impact of the containment measures on our financial statements. In the event that the containment measures have a significant adverse impact on the economic health of our customers in particular and the economy in general, our future prospects, profitability and results of operations may in turn be negatively impacted.

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

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

Any protracted instability in the Indian credit markets or other macro-economic factors which may impact the overall liquidity available in the Indian credit markets in general or the amount of credit available to non-banking financial companies in particular, could adversely impact our ability to raise funds in a timebound manner and at commercially acceptable terms.

Non-availability of credit may lead to disruption in our business, including asset-liability mismatches and an inability to grow our business, and may require our Company to seek alternate sources of funding, which may not be available on commercially acceptable terms or at all.

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

Our results of operations are substantially dependent upon the level of our net interest margins. As of March 31, 2020, our gross loan assets were Rs. 1,085,017.10 million as compared to Rs. 1,023,074.90 million as of March 31, 2019. We provide loans at fixed rates of interest. We borrow funds on both fixed and floating rates. As of March 31, 2020, approximately 87.05% of our borrowings were at fixed rates and 12.95% of our borrowings were at floating interest rates. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates (and we typically do not have an escalation clause in our agreements), amounts and for periods which may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a high degree of volatility in interest rates in India. Difficult conditions in the global and Indian economy can affect the availability of credit. Volatility in interest rates in our borrowing operations can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Additional risks arising from increasing interest rates, among others, include:

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

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

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

As an asset finance company, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. As of March 31, 2020, 86.80% of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 13.20% consisted of funds raised through retail borrowings. Our funding requirements are predominantly met through term loans from banks (including cash credit and external commercial borrowings), the issue of redeemable non-convertible debentures and deposits (including public and corporate deposits), which constituted 43.48 %, 21.67 % and 12.63 % of our total borrowings, respectively, as of March 31, 2020. Our credit providers include nationalised banks, private Indian banks, foreign institutional investors and foreign banks and we also rely on domestic retail investors. Our business, therefore, depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the economic and regulatory environment and policy initiatives in India, developments in the international markets whether affecting the Indian economy or not, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs and our current and future results of operations and financial condition. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Any such disruption in our ability to access primary funding sources at competitive costs would have a material adverse effect on our liquidity, financial condition and/or cash flows.

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

There are outstanding legal proceedings against our Company that are in the ordinary course of business or are incidental to our business and operations, including certain criminal proceedings, civil proceedings and tax proceedings and certain legislation relating to "money lending" activities which, if determined against us, could have a material adverse effect on our goodwill, financial condition, results of operations and cash flows. These proceedings are pending at different levels of adjudication before various courts and tribunals, primarily relating to civil suits and tax disputes.

A summary of material outstanding legal proceedings involving our Company, as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below.

Nature of cases	No. of outstanding cases	Amount involved (*in Rs. Millions*)
Proceedings involving our Company		
Criminal Proceedings	4	Not Applicable
Civil Proceedings	3	Not Ascertainable
Regulatory Proceedings	1	Not Ascertainable

Nature of cases	No. of outstanding cases	Amount involved (*in Rs. Millions*)
Show cause notices and proceedings initiated by SEBI against the Company, Promoter or Promoter Group	3	1.2*
Tax Proceedings involving our Company		
Indirect Tax	38	5136.97*
Direct Tax	13	1345.47*

**to the extent ascertainable*

Additionally, certain criminal cases and recovery suits have been filed by our Company against various parties in relation to alleged violations arising in the ordinary course of our business and operations under, among others, the Indian Penal Code. These matters are currently pending at various stages of adjudication.

The Company has filed an appeal before the Supreme Court of India in connection with a writ petition filed by our Company challenging the action of the Commissioner of Commercial Taxes, Kerala, directing our Company to register under the provisions of the Kerala Money Lenders Act, 1958. Further, our Company has filed a writ petition against the State of Karnataka before the High Court of Karnataka, *inter alia,* seeking a declaration that the provisions of the Karnataka Money Lenders Act, 1961, and the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 do not apply to our Company. In the event of any adverse ruling, our Company may be required to register as a money lending entity and will be required to comply with the provisions of such legislation within the relevant States and similar regulatory authorities in other States in India where we currently carry on business or propose to carry on business in the future, including imposition of caps on the interest rates which can be charged by our Company. If we are required to comply with such interest rate limits or any other conditions specified under such legislation, our interest income and net interest margin may be adversely impacted as well as the conduct of our operations. For further information relating to such proceedings, see *"Outstanding Litigations and Defaults"* on page 386.

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

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

6. ***Shriram Insight Share Broker Limited ("SISBL"), a Group Company, has received a show cause notice for violation of provisions of SEBI circulars issued under the SEBI (Stock Brokers and Sub-Brokers) Regulations, which if adversely determined may subject SISBL to penalties.***

SISBL, has received a show cause notice (SEBI/EAD-4/GR/KG/OW/10733/1/2020) dated June 1, 2020 ("**SCN**") from the adjudication officer alleging the violation of various SEBI circulars issued under the Stock Broker Regulations in relation for (i) failure to send pledge statements to clients; (ii) failure to settle or retention of huge amounts of securities in excess of obligations of clients (ranging from Rs. 8.37 lakhs to Rs. 6.78 crore); (iii) failure to report fund balances; and (iv) failure to upload KYC data.

SISBL is in the process of responding to the SCN. As on the date SISBL or our Company cannot ascertain the monetary impact of any adverse determination, if made, by the adjudication officer pursuant to the SCN proceedings.

Further, SISBL, by way of orders dated April 30, 2020 and June 26, 2020 has been penalised amounts of Rs. 200,000 and Rs. 1,000,000, respectively, by adjudicating officers, on account of violation of the minimum maintenance margin as specified under the SEBI Circular no. SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004, various non-compliances under the Stock Broker Regulations, including the Code of Conduct under the Stock

Broker Regulations. SISBL is currently evaluating further options in relation to preferring an appeal against the orders dated April 30, 2020 and June 26, 2020.

Further, in the event that the SCN is determined adversely against SISBL or if any appeal filed by SISBL against the orders dated April 30, 2020 and June 26, 2020 are rejected or determined in a fashion adverse to SISBL's interests, SISBL may be subject to adverse actions, including monetary penalties. Further, any adverse order against SISBL may have an adverse reputational impact on our Company, which in turn may adversely impact our future profitability and results of operations.

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

In the past, we have seen increasing levels of Stage 3 Assets in our loan portfolio. As per our Standalone Financial Statements, our gross Stage 3 Assets were Rs. 91,770.80 million and Rs. 86,162.70 million as at March 31, 2020 and March 31, 2019, respectively, and our net Stage 3 Assets were Rs. 59,911.30 million and Rs. 56,465.30 million as at March 31, 2020 and March 31, 2019, respectively. As per our Standalone Financial Statements, our Stage 3 Assets as a percentage of total loan assets was 8.46% and 8.42% as at March 31, 2020 and March 31, 2019, respectively and our net Stage 3 Assets as a percentage of net loan assets was 5.86% and 5.84% as at March 31, 2020 and March 31, 2019, respectively.

As a part of the incentive package to help the Indian economy recover from the stagnation caused by the COVID-19 induced lockdown, the Ministry of Finance has announced various liquidity enhancement measures, including provision of funding to certain specified sectors such as micro, medium and small-scale enterprises. While the operational guidelines for the implementation of such liquidity enhancement schemes are currently awaited, any requirement to provide additional credits to sectors, where we have limited experience, may require us to dedicate substantial manpower and resources towards understanding the nuances of such sectors. Additionally, given our limited experience in these sectors, we may be subjected to increased number of Stage 3 Assets.

We cannot be sure that we will be able to improve our collections and recoveries in relation to our Stage 3 Assets, or otherwise adequately control our level of Stage 3 Assets in the future. We have also seen an increase in our Gross Stage 3 Assets on account of changes in RBI regulations pertaining to time period for classification of our assets as Stage 3 Assets s in the past. Any further changes in RBI norms may cause further impediments in our ability to maintain our assets as standard.

Our company being a non-banking finance company registered with RBI is mainly into financing of pre-owned commercial vehicles, which sector has been adversely affected pursuant to the COVID-19 and consequently the COVID-19 disruptions may have an adverse impact on the repayment capacity by our customers of the loans taken from us. Amongst various measures announced to mitigate the economic impact from COVID-19 virus pandemic, the RBI has also issued circulars dated March 27, 2020 and April 17, 2020 (the "**RBI Moratorium Circulars**") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020. Further the RBI Moratorium Circulars also state that such a moratorium period can be excluded from the number of days past due for effecting a downgrade in asset classification. However, though the moratorium should help address some near-term pressures, it may not materially change the anticipated long term deterioration in customers repayment capacity. This may lead to deterioration in our asset quality/ delayed recoveries and increased Stage 3 Assets.

In certain cases where a customer has delayed payments but has demonstrated an ability to continue servicing the relevant loan, we generally do not enforce the security and take possession of the financed vehicle but we allow the loan to remain outstanding and continue without restructuring, which can adversely affect the position of our asset quality and Stage 3 Assets/ECL provisioning. There can also be no assurance that in such cases the customer would not continue to delay payments, which could adversely affect our profitability and cash flows.

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

The RBI regulates some aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans as a result of these guidelines or otherwise could affect our collections and ability to foreclose on existing Stage 3 Assets.

As of March 31, 2020, our Stage 3 Provision coverage was 34.72%. In the event the overall credit quality of our loans deteriorates, the current level of our provisioning may be inadequate to cover the increase in our Stage 3 Assets. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross Stage 3 Assets or otherwise or that the percentage of Stage 3 Assets that we will be able to recover will be similar to our past Stage 3 Assets recovery experience.

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

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position and ability to meet our obligations. Our Company's credit rating have been recently downgraded by S&P Global Ratings from BB/Negative/B to BB-/Watch Negative/B, representing adequate outlook; India Ratings and Research has placed the long-term issuer rating of our Company from IND AA+/Stable to Rating Watch Negative; and CRISIL has revised its outlook on the long term debt instruments, bank facilities and fixed deposit programme of our Company from Stable to Negative, respectively. In relation to our short and long term debts, as of June 1, 2020, we have ratings of CRISIL rating of 'CRISIL AA+/Negative' for subordinated debt, 'CRISIL AA+/Negative' for NCDs, 'CRISIL PP-MLD AA+r/Negative' for long term principal protected market linked debentures, 'FAAA/Negative' for fixed deposit programme and 'CRISIL A1+' for commercial paper. India Ratings and Research of 'IND AA+/RWN' for NCDs, 'IND AA+/RWN/IND A1+' for bank loans, 'IND AA+/RWN' for subordinated debt, 'IND A1+' for Short-term debt/ commercial paper (CP) programme and 'IND tAA+/RWN' for term deposit. S&P Global Ratings gave a rating of 'BB-/Watch Negative/B' as Company's credit rating and 'BB-/Watch Negative' for senior secured notes. CARE Ratings has given a rating of 'CARE AA+; Negative' for our NCDs and subordinated debts, and 'CARE A1+' for our commercial papers. Fitch Ratings gave a rating of 'BB Rating Watch Negative' for the local currency long term issuer default rating, 'B' for short term issuer default rating, 'BB Rating Watch Negative' for local currency long term issuer default rating, 'BB Rating Watch Negative' for senior unsecured long term rating and 'BB Rating Watch Negative' for senior secured long term rating.

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

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

We have a significant presence in south and west India. As per our Consolidated Financial Statements, as of March 31, 2020, our AUM in south and west India comprised 47.00% and 16.41% of our total AUM, respectively. Our concentration in the southern and western states exposes us to any adverse geological, ecological, economic and/or political circumstances in that region. If there is a sustained downturn in the economy of south India or west India, or a sustained change in consumer preferences in those regions for any reason including consequences of the COVID-19 pandemic, our financial position may be adversely affected.

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

As we focus on providing financing for pre-owned and new commercial vehicles, our asset and Stage 3 Assets portfolios have, and will likely continue in the future to have, a high concentration of pre-owned and new commercial vehicle financing arrangements. As of March 31, 2020, our product portfolio for commercial vehicle financing comprised of 85.60% pre-owned, 8.93% new commercial vehicles and 5.47% other loans.

Our business is, therefore, entirely dependent on various factors that impact this vehicle segment such as the demand for transportation services in India, changes in Indian regulations and policies affecting pre-owned commercial vehicles, natural disasters and calamities, and the macroeconomic environment in India and globally. For example, lockdown due to the COVID-19 pandemic resulted in the RTOs and dealers being closed for operations between March 25, 2020 and June 7, 2020, during which period, no fresh registration of vehicles was possible. Further, the MoRTH is proposing to introduce a vehicle scrappage policy, which may reduce the overall life and road-worthiness of commercial vehicles or lead to a shift in preference for newer vehicles. For example, if substantial credit is provided under the scrappage policy for removal of older vehicles, customers may have greater incentive or resources to acquire new vehicles, which in turn may lead to reduced demand for pre-owned vehicles. Such factors may result in a decline in the sales or value of new and pre-owned commercial vehicles. Therefore, the demand for finance for pre-owned and new commercial vehicles may decline, which in turn may adversely affect our financial condition, the results of our operations and/or cash flows. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer.

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

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

11. High levels of customer defaults could adversely affect our business, financial condition, results of operations and/or cash flows.

Our primary business involves lending money to commercial vehicle owners and operators in India, and we are subject to customer default risks including default or delay in repayment of principal or interest on our loans. Moreover, our customer base has, and will likely continue in the future to have, a high concentration of first time buyers ("**FTBs**") and small road transport operators ("**SRTOs"**). Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition, results of operations and/or cash flows will be adversely impacted.

In addition, our customer portfolio principally consists of SRTOs and FTBs that lack banking habits and individual borrowers generally are less financially resilient than larger corporate borrowers and, as a result, they can be more adversely affected by declining economic conditions and become unable to make timely payments in respect of the loans availed by them. In addition, a significant majority of our client base belongs to the low-income group. The owners and/or operators of commercial vehicles we finance often do not have any credit history supported by tax returns and other related documents which would enable us to assess their creditworthiness. Further, the outbreak of COVID-19 has adversely impacted the economy and is likely to impact the ability of SRTOs, FTBs and the low-income consumer group to make timely payments. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the aforesaid factors.

Furthermore, unlike several developed economies, a nationwide credit bureau covering our customers does not exist, so there is less financial information available about the creditworthiness of individuals, particularly our client segment that is mainly from the low-income group and which typically has limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on our clients. Although we follow certain procedures to evaluate the credit profile of our customers at the time of sanctioning a loan, we generally rely on the referrals from the local trucking community and value of the commercial vehicle provided as underlying collateral rather than on a stringent analysis of the credit profile of our customers. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required.

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

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

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

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

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

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

The financial services market is being served by a range of financial entities, including traditional banking institutions, public sector banks, NBFCs and small finance banks. Our competitors may have greater financial resources, may be larger in terms of business volume and customer base, have greater brand recognition among customers, better institutional distribution platforms, may have more attractive schemes for customers in the post COVID-19 situation and may have lower cost of funds compared to us. Moreover, as interest rate is a key factor driving a customers' decision in selecting a financier, competitors may offer loans at lower rates, owing to access to lower cost of capital, to retain market share. This competition is likely to further intensify as more and more international and domestic players enter into Indian financial services industry as a result of regulatory changes. Our future success will depend, to a large extent, on our ability to respond in a timely and effective manner to these competitive pressures. There can be no assurance that we will be able to compete successfully with such competitors and gain market share.

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

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

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

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

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

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

As per our Consolidated Financial Statements, as of March 31, 2020, we had outstanding secured debt of Rs. 762,874.43 million and unsecured debt of Rs. 180,842.92 million. We will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our immovable, movable and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;

- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates;

- there could be a material adverse effect on our business, financial condition, results of operations and/or cash flows if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and

- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge; and raising funds by way of any fresh capital issue. Our financing agreements also typically contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios, debt-to-net worth ratios, or Tier I to Tier II capital ratios that may be higher than statutory or regulatory requirements. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. For the purposes of this Rights Issue, we had sought the consent from our lenders, as applicable, however, we still await the consent from one of the lenders. We cannot assure you that the lenders will not take any action in the future in relation to these covenants.

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

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

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

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

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

We may face potential liquidity risks due to varying periods over which our assets and liabilities mature. Based on the structural liquidity position of our Company as on March 31, 2020 as per the RBI norms, our Company has positive asset liability mismatch of Rs. 37,635 million over a period of six months until September 30, 2020 based on our submission dated June 29, 2020 to RBI. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short-term loans and commercial paper. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations, financial performance and/or cash flows. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

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

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

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

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

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. We are subject to the RBI's Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time. For details of our capital adequacy requirements, see "*Our Business – Capital Adequacy*" on page 90.

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

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

Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings. For example, in the past there has been an instance where a penalty was imposed on us by Insurance Regulatory and Development Authority of India, which was paid and settled by us. Further, the Enforcement Directorate has imposed a penalty of Rs. 50 million on our Company, which we have filed an appeal against. Imposition of any penalty or adverse findings by the RBI or other authorities may have an adverse effect on our business, operations results, financial condition and reputation.

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

As an NBFC, we are subject to periodic inspection by the RBI under section 45N of the RBI Act, pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying compliance with applicable regulations, the correctness or completeness of any statement, information or particulars furnished to the RBI. RBI in the past issued observations pursuant to such periodic inspection and our Company had given clarifications in this regard. For example, RBI has in the past in its inspection reports, highlighted certain alleged deficiencies such as reduction in the asset quality of our Company, improper monitoring of delegation of powers by the Board, mobilization of resources in excess of limits, breach of prescribed limits for issuance of commercial papers, deficiency in credit portfolio and shortcomings in complying with the corporate governance requirements. While we have responded to such observations and addressed them, we cannot assure you that the RBI will not make similar or other observations in the future. In the event we are unable to resolve the issues to the RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

21. We may not be in compliance with relevant state money lending laws, which could adversely affect our business. In the event that any state government requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected. There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates.

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. The Government of Kerala has mandated us to register under the Kerala Moneylending Act, 1946. Further, the Government of Karnataka has also cancelled the exemption granted to NBFCs from Karnataka Money Lenders Act. We also carry out operations in other states where there are money lending laws in operation. In addition, in the event the provisions of any state specific laws or regulations are extended to NBFCs, we could have increased costs of compliance and our business and operations could be adversely affected, particularly if low interest rate ceiling norms are imposed on our operations. In the event that any state government requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, results of operations and financial condition may be adversely affected.

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

We intend to consolidate and expand our product portfolio as part of our growth strategy. As per our Consolidated Financial Statements, as of March 31, 2020, our assets under our management product portfolio comprised heavy commercial vehicles, light commercial vehicles, passenger vehicles, tractors, business loans and other loans, which constituted 46.13 %, 23.47 %, 22.03 %, 2.90 %, 2.34 % and 3.13 %, respectively, of our total AUM.

We cannot assure that such diversification or expansion of operations will in future yield and/or continue to yield favourable or expected results, including acceptance of any new products/ services and/or business ventures by customers, as our overall profitability and success will be subject to various factors, including, among others, our ability to obtain necessary statutory and/or regulatory approvals and licences, our ability to effectively recruit, retain and motivate appropriate managerial talent and ability to compete with banks and other NBFCs that are already well established in this market segment, as well as our ability to effectively absorb additional infrastructure costs. Failure of diversification or expansion may result in our inability to recover pre-operative expenses and launch costs.

Further, current spread of the COVID-19 is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity, profitability and cash flows and a sustained economic slowdown may impact our ability to successfully sustain our growth strategy.

23. Our Joint Statutory Auditors have provided a matter of emphasis relating to the Financial Statements of our Company. We cannot assure you whether such matter of emphasis will not arise in the future.

Our Joint Statutory Auditors have included a matter of emphasis in their report to the Financial Statements. The Joint Statutory Auditors have drawn attention to the classification of assets as on March 31, 2020 with respect to the accounts which were overdue but standard as on February 29, 2020 and to whom moratorium benefit had been granted. For details, see "*Financial Statements*" on page 99. Investors should consider these matters in evaluating our financial position, cash flows and results of operations. There is no assurance that our auditors' reports for any future Fiscal periods will not contain such matters of emphasis.

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

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

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

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

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

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

As on March 31, 2020, we had 1,758 branches, including 844 branches in rural centres. If we were to expand our branch network further, any such expansion may be hit by challenges localized to such centres, including any political instability, terrorism or military conflict in these regions, occurrence of natural or man-made disasters, infectious disease outbreaks or other serious public health concerns, dependence on adequate monsoon and lower employment opportunities compared to urban areas. If we grow our branch network and presence too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

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

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

Our revenue sharing arrangements with private financiers involved in commercial vehicle financing across India is an integral part of our growth strategy. As of March 31, 2020, we have entered into strategic agreements with 1,160 private financiers ranging from individual financiers and small local private financiers, including other NBFCs, to capitalise on their local knowledge, infrastructure and personnel base of our partners in order to source new customers. The revenue-sharing arrangements are at pre-determined amounts. For further information on our revenue sharing arrangements, see "*Our Business – Our Company's Operations – Revenue Sharing Agreements with Private Financiers"* on page 85.

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

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

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

All deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, of not less than 15 % of its aggregate risk-weighted assets on balance sheet and risk- adjusted value of off-balance sheet items. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 21.99% as of March 31, 2020 with Tier I capital comprising 18.13% If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. Any difficulty in accessing funds required for Tier I and Tier II capital, including accessing capital markets could result in decline of our capital adequacy ratio. Further any regulatory change to the capital adequacy ratio requirements shall also have an adverse effect on our growth as we may have to raise further capital to maintain the required capital adequacy ratio. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all, and this may adversely affect the growth of our business.

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

As part of our means of raising and/or managing our funds, we assign or securitise a substantial portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitisation transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In Fiscals 2019 and 2020, our securitised and assigned assets at book value was Rs. 151,230.58 million and Rs. 165,811.25 million, respectively. Any change in statutory and/or regulatory requirements in relation to assignments or securitisations by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment or securitisation transactions. The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- prohibition on carrying out securitization/ assignment transactions at rates lower than the prescribed base rate of the bank;

- prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;

- minimum holding period or 'seasoning' and minimum retention requirements of assignment and securitization loans; and

- securitization/ assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

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

The aggregate credit enhancement amounts outstanding as of March 31, 2020 and March 31, 2019 was Rs. 42,994.06 million and Rs. 35,921.23 million, respectively. For such transactions, in the event that a relevant bank or institution does not realise the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement, which could have a material adverse effect on our results of operations, financial condition and/or cash flows.

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

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

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

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

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

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

As on the date of this Letter of Offer, some of our Directors also have interests, as directors or shareholders in other entities engaged in the financial services space such as banks or other NBFCs, including certain of our related parties. There can be no assurance that such Directors will not be subject to conflicts of interest or that we will be able to deal with such conflicts of interest in a timely manner.

Further, commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Such factors may have an adverse effect on the results of our operations and financial condition.

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

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

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

As per our Consolidated Financial Statements, as of March 31, 2020, we had certain contingent liabilities not provided for, which included a contingent liability as per Indian Accounting Standard 37 in respect of income tax demands where the Company has filed an appeal before various authorities of Rs. 1,336.35 million, VAT demand where the Company has filed an appeal before various appellate courts aggregating Rs. 1,172.15 million, a service tax demand where the Company has filed appeal before various authorities for Rs. 3,259.94 million and penalty levied for contravention of the provisions of FEMA aggregating Rs. 50.00 million. In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected. Further, in the event there is a change in any statutory/ regulatory requirement with respect to contingent liabilities, our Company may be required to make additional provisions to meet the revised criteria which may have an adverse effect on our financial condition and profitability.

33. ***The trademark/service mark and logo in connection with the "Shriram" brand which we use is licensed to us and consequently, any termination or non-renewal of such license may adversely affect our goodwill, operations and profitability. Further, our current logo which we are using and as included in this Letter of Offer is not registered. Our inability to register such logo and/or to adequately protect the same may adversely affect our goodwill, operations and profitability.***

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

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

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

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

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

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

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

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

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

36. Inability to assess, monitor and manage risks inherent in our business and respond to technological and sectoral changes may adversely impact our results of operations and profitability.

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

Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

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

Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and vehicle finance sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards. Failure to adapt to new technologies and sectoral preferences in a timely manner or at all, may adversely impact out profitability and results of operations.

37. We will continue to be controlled by our Promoter after the completion of the Issue

After the completion of the Issue, our Promoter will continue to exercise control over us, including being able to influence the composition of our Board and influence matters requiring shareholder approval. Our Promoter may take or block actions, which Promoter, may believe to be in the interest of our Company but may conflict with the interests of our minority shareholders. Through its influence, our Promoter may be in a position to delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

38. We have entered into certain related party transactions.

We have entered into transactions with certain related parties. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we could not have obtained more favourable terms had such transactions been entered into with unrelated parties. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

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

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

- combining product offerings and entering into new markets in which we are not experienced;
- consolidating and maintaining relationships with customers;
- consolidating and rationalising transaction processes and corporate and information technology infrastructure;
- integrating employees and managing employee issues;
- coordinating and combining administrative and other operations and relationships with third parties in accordance with applicable laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from infrastructure integration; and
- managing other business, infrastructure and operational integration issues.

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

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

41. Most of the properties used by our Company are occupied by our Company on lease and/or as shared office space. Any termination or failure to renew the lease(s) or the other agreements in connection with such

properties or our failure to renew the same, in a timely manner or at all, could adversely affect our activities.

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

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

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

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

As of March 31, 2020, had 28,045 employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

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

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

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

The operations, profitability and cash flows could be adversely affected by any unfavourable changes in central and state-level statutory and/or regulatory requirements in connection with direct and indirect taxes and duties, including income tax, goods and service tax and/or by any unfavourable interpretation taken by the relevant taxation authorities and/or courts and tribunals. For example, the GST implemented with effect from July 1, 2017 has replaced the indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise, collected by the central and state governments. The GST has increased administrative compliance for the Companies which is a consequence of increased registration and form filing requirements.

46. Differences exist between Ind AS and other accounting principles, such as IFRS and Indian GAAP, which may be material to investors' assessments of our financial condition.

Our Company has prepared the annual financial statements under Ind AS for the Fiscal 2020 as required under Section 133 of the Companies Act, 2013. From April 1, 2018, the Company has computed key parameters including capital adequacy ratio, risk weighted assets, net owned fund, gross Stage 3 Assets, provision for non-performing assets derived from the financial statement prepared in accordance with Ind AS. The impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures, presented in the standalone financial statements of the Company for the year ended March 31, 2018, have been restated/reclassified. Our historical financial statements relating to any period prior to Fiscal 2019 may not be comparable to the audited consolidated and standalone financial statements prepared under Ind AS. Ind AS and other accounting standards like IFRS differ in certain respects including first time adoption choices available.

47. Our insurance coverage may not adequately protect us against losses.

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

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

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

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India. In the course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers, despite putting in place systems and controls to prevent the occurrence of these risks. In certain of our activities and in our pursuit of business, we run the risk of inadvertently offering our financial products and services ignoring customer suitability and appropriateness, despite having a Board-approved customer suitability policy and associated processes in place. Such incidents may adversely affect our business and our reputation. Although our Company believes that it has adequate internal policies, processes and controls in place to prevent and detect any activity that would fall foul of AML provisions and to ensure KYC compliance, there can be no assurance that our Company will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report.

49. Our ability to pay dividends will depend on our future earnings, cash flows, working, capital requirements, financial condition, and restrictive covenants under our financing arrangement.

Any future determination as to the declaration and payment of dividends will be decided by our Board and will be subject to the discretion of the Shareholders. The amount of our future dividend payments, if any, will depend on various factors such as our future earnings, cash flows, financial condition, working capital requirements, capital expenditures, restrictive covenants under our financing documents and in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our Company’s dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be paid or that the amount thereof will not be decreased in the future.

50. Security breaches of customers’ confidential information that we store may expose us to liability and harm our reputation.

As part of our business, we store and have access to customers’ bank information, credit information and other sensitive data. Any accidental security breaches or other unauthorized access to confidential information could expose us to liability related to the loss of the information, legal proceedings and negative publicity. While there have been no such incidents in the past, security measures could be breached by third party actions, intrusion into our software due to flaw in the software by hackers, due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Any security breach may cause our customers to lose confidence in the effectiveness of our data security measures, and in turn have an adverse effect on our business, operations, financial condition or cash flows.

External Risks

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

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

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

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. All our assets and employees are located in India, and we intend to continue to develop and expand reach in all parts of the country depending upon the business opportunities. Further, economic developments outside India also adversely affect the Indian economy. Accordingly, our business is affected by domestic and international economic conditions, including rates of economic growth and the impact that such economic conditions have on consumer spending.

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

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

The current economic downturn has led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally, may enhance market volatility. The resulting economic pressure and dampened consumer sentiment may adversely affect our business and our results of operations.

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

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

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

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

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. For example, Fitch Ratings has recently revised the outlook on India's sovereign ratings from stable to negative, while Moody's Investors Services has downgraded foreign currency and local currency long term issuer ratings to Baa3. This could have an adverse effect on our growth, financial performance and our operations.

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

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

56. Our business may be adversely impacted by natural calamities, unfavourable climatic changes, health epidemics or pandemics.

Natural disasters such as floods, earthquakes, famines and droughts have in the past had a negative impact on the Indian economy. Further, health epidemics and pandemics like the recent COVID-19 pandemic have also affected the Indian economy negatively. If any such natural disaster, unfavourable climatic changes or health epidemics and pandemics were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event.

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

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

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge, may range up to 25.168 % The central or state government may in the future further increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

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

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

Risks pertaining to this Issue

59. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null
and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership
and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation (the last day for which is [●], 2020), such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

60. No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

61. There may be less information available in the Indian securities markets than in more developed securities markets in other countries.

There is a difference between the level of regulation and monitoring of the Indian securities markets and that of the activities of investors, brokers and other participants in securities markets in more developed economies. SEBI is responsible for monitoring disclosure and other regulatory standards for the Indian securities market. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed countries, which could adversely affect the market for our Equity Shares. As a result, investors may have access to less information about our business, financial condition, cash flows and results of operation, on an ongoing basis, than investors in companies subject to the reporting requirements of other more developed countries.

62. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see "*Objects of the Issue*" on page 72.

63. We may, at any time in the future, make further issuances or sales of our Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of our Equity Shares.

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

64. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and Rights Entitlements.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax ("**STT**") was paid on the sale transaction. However, now tax is payable on such long-term capital gains exceeding ₹1,00,000 arising from sale of equity shares on or after April 1, 2018, while unrealized capital gains earned up to January 31, 2018 on such Equity Shares are exempted.

Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares Rights Entitlements.

65. We will not distribute this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter to certain categories of overseas shareholders.

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Further, this Letter of Offer will be provided, only through email, by the Registrars on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. We have requested all the overseas Eligible Equity Shareholders to provide an address in India and their e-mail addresses for the purposes of distribution of the Issue materials. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

66. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

67. You may not receive the Rights Equity Shares that you subscribe in this Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.

The Rights Equity Shares that you may be Allotted in this Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Rights Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Rights Equity Shares allocated to you will be credited to your demat account, or that trading in such Rights Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

68. The OAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate web based application platform, i.e., the OAP facility (accessible at https://rights.kfintech.com/shriram), has been instituted for making an Application in this Issue by resident Investors. Further, OAP is only an additional option and not a replacement of the ASBA process. On OAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see "*Terms of the Issue – Procedure for Application through OAP*" on page 411. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the
- payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, OAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that OAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through OAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the OAP facility.

69. SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "*Terms of the Issue*" on page 399.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account (namely, "**STFC Rights Entitlement Suspense Escrow Demat Account**" and "**STFC Rights Allotment Demat Suspense Account**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrars on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. In case of non-receipt of such details of demat account, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. Proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) may be higher or lower than the Application Money paid by such Eligible Equity Shareholders. We cannot assure you that such proceeds by way of sale of such Rights Equity Shares will be higher than the Application Money paid by you, and that you shall not suffer a loss in this regard.

Further, in case, bank accounts of the aforesaid Eligible Equity Shareholders cannot be identified due to any reason or bounce back from such bank accounts, our Company may use payment mechanisms such as cheques, demand drafts etc. to remit the proceeds of sale of the Rights Equity Shares to such Eligible Equity Shareholders. If such bank account from which Application Money was received is closed or non-operational, the sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

70. Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading our Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

71. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, foreign investment up to 100% is permitted in our sector, subject to satisfaction of certain conditions.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

SECTION III - SUMMARY OF THE LETTER OF OFFER

Our Business

We are an asset financing NBFC providing financing for various kinds of commercial vehicles, including, heavy goods vehicles, light goods vehicles, tractors as well as ancillary equipment and vehicle parts finance, such as loans for tyres, construction equipment finance and working capital facilities and a range of personal loans.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(*in Rs. Millions*)

Sr. No	Particulars	Amount
1.	Augment capital base	[●]
Total**		[●]

** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment
# Rounded off to two decimal places

For further details, see "*Objects of the Issue*" beginning on page 72.

Intention and Extent of Participation by the Promoter and Promoter Group in the Issue

Our Promoter and SFVCPL, a member of our Promoter Group, have by way of their joint letter dated June 30, 2020 undertaken to mandatorily subscribe to the full extent of their respective Rights Entitlement in the Issue, except to the extent of renunciation within our Promoter and members of the Promoter Group. Further, in addition to subscription to their respective Rights Entitlement, each of our Promoter and SFVCPL, along with any other members of the Promoter Group, have reserved the right to subscribe to additional Rights Equity Shares, including for any Rights Entitlements renounced in their favour or in favour of any entities controlled by them. The subscription by the Promoter along with members of the Promoter Group and any persons acting in concert, shall not breach minimum public float of 25% of the total paid-up equity capital under 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

Financial Details

Certain financial details of our Company as per the Consolidated Financial Statements are as follows:

(*in Rs. Millions, unless otherwise stated*)

Particulars	As at and for the Financial Year ended March 31,		
	2020	2019	2018
Equity Share capital	2,268.83	2,269.00	2,269.00
Net worth (1)	1,81,146.73	1,59,351.30	1,36,627.46
Revenue from operations	165,623.57	155,291.50	134,439.51
Profit for the year	25,122.68	25,756.80	25,489.31
Basic and Diluted Earnings Per Share *(in Rs.)*	110.73	113.52	112.35
Net asset value per Equity Share (*in Rs.*)	799.64	703.57	603.41
Total Borrowings (as per balance sheet)	943,717.46	879,144.00	821,308.50

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

Auditor Qualifications

There are no auditor qualifications which have not been given effect to, in the Financial Statements.

Outstanding Litigation and Defaults

The summary of material pending litigation involving us is set out below:

Nature of cases	No. of outstanding cases	Amount involved (in Rs. Millions)
Proceedings involving our Company		
Criminal Proceedings	4	Not Applicable
Civil Proceedings	3	Not Ascertainable
Regulatory Proceedings	1	Not Ascertainable
Show cause notices and proceedings initiated by SEBI against the Company, Promoter or Promoter Group	3	1.2*
Tax Proceedings involving our Company		
Indirect Tax	38	5136.97*
Direct Tax	13	1345.47*

**to the extent ascertainable*

For further details, please refer to the section titled "*Outstanding Litigation and Defaults*" beginning on page 386.

Risk Factors

Please refer to the section titled "*Risk Factors*" beginning on page 15 for details about the risk factors.

Contingent Liabilities

As per our Consolidated Financial Statements, as of March 31, 2020, our contingent liabilities that have not been provided for are as set out in the table below:

#	Particulars	Amount (*in Rs. Millions*)
1.	In respect of Income tax demands where the Company has filed appeal before various authorities	1,336.35
2.	VAT demand where the Company has filed appeal before various appellate tribunals	1,172.15
3.	Service tax demand where the Company has filed appeal before various authorities	3,259.94
4.	Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	50.00

For further details about our contingent liabilities, please refer to the Financial Statements included in the section titled "*Financial Statements*" beginning on page 99.

Related Party Transactions

For details about our related party transactions, please refer to the Financial Statements included in the section titled "*Financial Statements*" beginning on page 99.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, directors of our Promoter, Promoter Group, our Directors, and the relatives (as defined in the Companies Act, 2013) of our Directors, have financed the purchase, by any other person, of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer.

Details of Equity Shares Issued for Consideration Other than Cash in last one year

No Equity Shares have been issued by our Company for consideration other than cash during the period of one year immediately preceding the date of filing of this Letter of Offer.

SECTION IV – INTRODUCTION

THE ISSUE

The Issue has been authorized by a resolution of the Board passed at their meeting held on June 15, 2020, pursuant to Section 62 of the Companies Act.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled "*Terms of the Issue*" beginning on page 399.

Issue details in brief	
Equity Shares subscribed and paid-up prior to the Issue	22,68,82,736 Equity Shares
Rights Equity Shares being offered by our Company	Up to [●] Rights Equity Shares aggregating up to Rs. 15,000 millions
Rights Entitlement for Rights Equity Shares	[●] Rights Equity Shares for every [●] Equity Shares held on the Record Date
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to [●] Equity Shares
Record Date	[●]
Face Value per Equity Share	Rs. 10
Issue Price	Rs. [●] per Rights Equity Share (including a premium of Rs. [●] per Equity Share) in the Issue.
Issue Size	Up to Rs. 15,000 millions
Terms of the Issue	Please refer to the section titled "*Terms of the Issue*" beginning on page 399 of this Letter of Offer.
Use of the proceeds of the Issue	Please refer to the section titled "*Objects of the Issue*" beginning on page 72 of this Letter of Offer.
Terms of Payment	The full amount of the Issue Price being Rs. [●] will be payable on application.
Security Codes	ISIN: INE721A01013 BSE: 511218 NSE: SRTRANSFIN ISIN for Rights Entitlements: [●]

**For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.*

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Financial Statements, and should be read in conjunction with the financial statements and the notes (including the significant accounting policies) thereto included in the section "*Financial Information*" on page 99.

Summary of Consolidated Balance Sheet

(*in Rs. Millions*)

	Particular	As at March 31, 2020
I	**ASSETS**	
1	**Financial assets**	
	Cash and cash equivalents	30,889.87
	Bank balance other than above	42,259.33
	Derivative financial instruments	7,587.33
	Receivables	
	(I) Trade receivables	104.96
	(II) Other receivables	56.36
	Loans	1,022,316.29
	Investments	29,356.29
	Other financial assets	451.54
2	**Non-financial Assets**	
	Current tax assets (net)	2,491.00
	Deferred tax assets (net)	624.98
	Investment property	20.30
	Property, plant and equipment	1,498.75
	Right-of-use assets	3,278.39
	Other intangible assets	26.68
	Other non-financial assets	1,695.73
	Total assets	**1,142,657.92**
II	**LIABILITIES AND EQUITY**	
	LIABILITIES	
1	**Financial liabilities**	
	Derivative financial instruments	-
	Payables	
	(I) Trade payables	
	(i) total outstanding dues of micro enterprises and small enterprises	4.00
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,434.38
	(II) Other payables	
	(i) total outstanding dues of micro enterprises and small enterprises	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11.34
	Debt securities	342,669.59
	Borrowings (other than debt securities)	424,745.99
	Deposits	119,601.15
	Subordinated liabilities	56,700.73
	Other financial liabilities	9,123.24
	Lease Liabilities	3,628.09
2	**Non-financial liabilities**	
	Current tax liabilities (net)	1,020.18
	Provisions	1,463.33
	Other non-financial liabilities	832.80
	Total liabilities	**961,234.82**

	Particular	As at March 31, 2020
3	**Equity**	
	Equity share capital	2,268.83
	Other equity	179,154.30
	Total equity	**181,423.13**
	Total liabilities and equity	**1,142,657.92**

Summary of Consolidated Statement of Profit and Loss

(*in Rs. Millions*)

	Particular	Year ended March 31, 2020
	Revenue from operations	
	(i) Interest income	162,674.60
	(ii) Dividend income	1.87
	(iii) Rental income	2.19
	(iv) Fee and commission income	1,949.70
	(v) Net gain on fair value changes	-
	(vi) Other operating income	995.21
(I)	**Total Revenue from operations**	**165,623.57**
(II)	Other income	202.70
(III)	**Total Income (I + II)**	**165,826.26**
	Expenses	
	(i) Finance cost	82,702.56
	(ii) Fee and commission expense	568.81
	(iii) Net loss on fair value changes	67.54
	(iv) Impairment of financial instruments	27,948.76
	(v) Employee benefits expenses	10,108.21
	(vi) Depreciation, amortisation and impairment	1,410.48
	(vii) Other expenses	8,633.15
(IV)	**Total Expenses**	**131,439.61**
(V)	**Profit/(loss) before exceptional items and tax (III - IV)**	**34,386.65**
(VI)	**Exceptional items**	-
(VII)	**Profit/(loss) before tax (V+ VI)**	**34,386.65**
(VIII)	**Tax Expense:**	
	(1) Current tax	9,211.97
	(2) Deferred tax	147.87
	(3) Tax adjustment for earlier years	8.42
(IX)	**Profit/(loss) for the period from continuing operations (VII - VIII)**	**25,018.38**
(X)	Share of profit of associate	104.30
(XI)	**Profit/(loss) for the year (IX+X)**	**25,122.68**
(XII)	**Other Comprehensive Income**	
	A (i) Items that will not be reclassified to profit or loss Remeasurement gain/(loss) on defined benefit plan	(59.90)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15.08
	Subtotal (A)	**(44.93)**
	B (i) Items that will be reclassified to profit or loss	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-
	Subtotal (B)	-
	Other Comprehensive Income (A + B)	(44.93)
(XIII)	**Total Comprehensive Income for the year (XI+XII)**	**25,077.75**
(XIV)	**Earnings per equity share**	

	Particular	Year ended March 31, 2020
	Basic (Rs.)	110.73
	Diluted (Rs.)	110.73

Summary of Consolidated Statement of Cash Flows

(*in Rs. Millions*)

	Particular	Year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Profit before tax	34,386.65
	Depreciation, amortisation and impairment	1,410.48
	Profit arising on the sale of shares in subsidiary	-
	Interest on income tax refund	(58.00)
	Loss on sale of investments	1.20
	Loss/(profit) on sale of fixed assets (net)	(11.70)
	Employees stock option compensation cost	-
	Impairment on loans	27,488.70
	Impairment on investments	422.20
	Impairment on undrawn loan commitment Impairment on undrawn loan commitment	43.90
	Impairment on other assets	(6.00)
	Net (gain)/loss on fair value changes on investment	8.70
	Net (gain)/loss on fair value changes on derivatives	58.80
	Fair value change of investment in associate	-
	Operating profit before working capital changes	**63,745.03**
	Movements in Working capital:	
	Decrease/(increase) in loans	(82,290.30)
	(Increase)/decrease in investments	11,573.80
	Decrease/(increase) in receivables	122.80
	Decrease/(increase) in bank deposits	(12,736.00)
	Decrease/(increase) in other financial assets	(76.70)
	Decrease/(increase) in other non-financial assets	(280.90)
	Increase/(decrease) in interest accrued on borrowings	-
	Increase/(decrease) in payables	103.80
	Increase/(decrease) in other financial liabilities	(1,040.40)
	Increase/(decrease) in non-financial liabilities	137.90
	Increase/(decrease) other provision	76.90
	Cash generated from operations	**(20,664.07)**
	Direct taxes paid (net of refunds)	(10,650.30)
	Net cash flows from/(used in) operating activities (A)	**(31,314.37)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Proceeds from sale of subsidiary	-
	Purchase of property, plant and equipment and intangible assets	(577.96)
	Proceeds from sale of property, plant and equipment and intangible assets	26.00
	Net cash flows from/(used in) investing activities (B)	**(551.96)**
C.	**CASH FLOW FROM FINANCING ACTIVTIES**	
	Derivatives	(8,263.10)
	Amounts received from deposits (including ICDs)	44,336.10
	Repayments of deposit	(29,408.20)
	Amounts received from debt securities	130,851.80
	Repayments of debt securities	(95,578.90)

	Particular	Year ended March 31, 2020
	Amounts received from subordinated debts	-
	Repayments of subordinated debts	(4,490.10)
	Amounts received from borrowings other than debt securities	425,695.40
	Repayments of borrowings other than debt securities	(406,832.70)
	Payment of Lease Liabilities	(562.00)
	Dividend paid	(2,723.80)
	Tax on dividend	(559.60)
	Net cash flows from financing activities (C)	**52,464.90**
	Net increase in cash and cash equivalents (A+B+C)	20,598.54
	Add: Adjustment on disposal of subsidiary	-
	Cash and cash equivalents at the beginning	10,291.40
	Cash and cash equivalents at the end of the year	**30,889.87**
	Net cash provided by (used in) operating activities includes	
	Interest received on loan	144,877.40
	Interest paid	(59,230.68)
	Dividend received	1.90

Summary of Standalone Balance Sheet

(*in Rs. Millions*)

	Particular	As at March 31, 2020
I	**ASSETS**	
1	**Financial assets**	
	Cash and cash equivalents	30,889.87
	Bank balance other than above	42,259.33
	Derivative financial instruments	7,587.33
	Receivables	
	(I) Trade receivables	104.96
	(II) Other receivables	56.36
	Loans	1,022,316.29
	Investments	27,984.80
	Investments accounted for using the equity method	-
	Other financial assets	451.54
2	**Non-financial Assets**	
	Current tax assets (net)	2,491.00
	Deferred tax assets (net)	624.98
	Investment property	20.30
	Property, plant and equipment	1,498.75
	Right-of-use assets	3,278.39
	Other intangible assets	26.68
	Other non-financial assets	1,695.73
	Total assets	**1,141,286.41**
II	**LIABILITIES AND EQUITY**	
	LIABILITIES	
1	**Financial liabilities**	
	Derivative financial instruments	-
	Payables	-
	(I) Trade payables	-
	(i) total outstanding dues of micro enterprises and small enterprises	4.00

	Particular	As at March 31, 2020
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,434.38
	(II) Other payables	
	(i) total outstanding dues of micro enterprises and small enterprises	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11.34
	Debt securities	342,669.59
	Borrowings (other than debt securities)	424,745.99
	Deposits	119,601.15
	Subordinated liabilities	56,700.73
	Other financial liabilities	9,123.24
	Lease Liabilities	3,628.09
2	**Non-financial liabilities**	
	Current tax liabilities (net)	1,020.18
	Provisions	1,463.33
	Deferred tax liabilities (net)	-
	Other non-financial liabilities	832.80
	Total liabilities	**961,234.82**
3	**Equity**	
	Equity share capital	2,268.83
	Other equity	177,782.80
	Total equity	**180,051.63**
	Total liabilities and equity	**1,141,286.41**

Summary of Standalone Statement of Profit and Loss

(*in Rs. Millions*)

	Particular	Year ended March 31, 2020
	Revenue from operations	
	(i) Interest income	162,674.60
	(ii) Dividend income	1.87
	(iii) Rental income	2.19
	(iv) Fee and commission income	1,949.70
	(v) Net gain on fair value changes	-
	(vi) Net gain on derecognition of financial instruments under amortised cost category	-
	(vii) Sale of services	-
	(viiii) Other operating income	995.21
(I)	**Total Revenue from operations**	**165,623.57**
(II)	Other income	202.70
(III)	**Total Income (I + II)**	**165,826.26**
	Expenses	
	(i) Finance cost	82,702.56
	(ii) Fee and commission expense	568.81
	(iii) Net loss on fair value changes	67.54
	(iv) Net loss of derecognition of financial instruments under amortised cost category	-
	(v) Impairment of financial instruments	27,948.76
	(vi) Employee benefits expenses	10,108.21
	(vii) Depreciation, amortisation and impairment	1,410.48
	(viii) Other expenses	8,633.15

	Particular	Year ended March 31, 2020
(IV)	**Total Expenses**	**131,439.61**
(V)	**Profit/(loss) before exceptional items and tax (III - IV)**	**34,386.65**
(VI)	**Exceptional items**	-
(VII)	**Profit/(loss) before tax (V+ VI)**	**34,386.65**
(VIII)	**Tax Expense:**	
	(1) Current tax	9,211.97
	(2) Deferred tax	147.87
	(3) Tax adjustment for earlier years	8.42
(IX)	**Profit/(loss) for the period from continuing operations (VII - VIII)**	**25,018.38**
(X)	Share of profit of associate	-
(XI)	**Profit/(loss) for the year (IX+X)**	**25,018.38**
(XII)	**Other Comprehensive Income**	
	A (i) Items that will not be reclassified to profit or loss Remeasurement gain/(loss) on defined benefit plan	(63.34)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15.94
	Subtotal (A)	**(47.40)**
	B (i) Items that will be reclassified to profit or loss	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-
	Subtotal (B)	-
	Other Comprehensive Income (A + B)	**(47.40)**
(XIII)	**Total Comprehensive Income for the year (XI+XII)**	**24,970.99**
(XIV)	**Earnings per equity share**	
	Basic (Rs.)	110.27
	Diluted (Rs.)	110.27

Summary of Standalone Statement of Cash Flows

(*in Rs. Millions*)

	Particular	Year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Profit before tax	34,386.65
	Inters received	-
	Interest Expenses	-
	Fee and commission expenses	-
	Share of profit in associate	-
	Depreciation, amortisation and impairment	1,410.48
	Profit arising on the sale of shares in subsidiary	-
	Interest on income tax refund	(58.00)
	Loss on sale of investments	1.20
	Loss/(profit) on sale of fixed assets (net)	(11.70)
	Employees stock option compensation cost	-
	Impairment on loans	27,488.70
	Impairment on investments	422.20
	Impairment on undrawn loan commitment	43.90
	Impairment on other assets	(6.00)
	Net (gain)/loss on fair value changes on investment	8.70
	Net (gain)/loss on fair value changes on derivatives	58.80
	Fair value change of investment in associate	-

	Particular	Year ended March 31, 2020
	Dividend income from subsidiary	-
	Operating profit before working capital changes	**63,745.03**
	Movements in Working capital:	
	Decrease/(increase) in loans	(82,290.30)
	(Increase)/decrease in investments	11,573.80
	Purchase of Investment	-
	Proceeds from sale of investments	-
	(Increase)/decrease in investments in subsidiary	-
	Decrease/(increase) in receivables	122.80
	Decrease/(increase) in bank deposits	(12,736.00)
	Decrease/(increase) in other financial assets	(76.70)
	Decrease/(increase) in other non-financial assets	(280.90)
	Increase/(decrease) in payables	103.80
	Increase/(decrease) in other financial liabilities	(1,040.40)
	Increase/(decrease) Expected Credit Loss Provision	-
	Increase/(decrease) in non-financial liabilities	137.90
	Increase/(decrease) other provision	76.90
	Cash generated from operations	**(20,664.07)**
	Direct taxes paid (net of refunds)	(10,650.30)
	Net cash flows from/(used in) operating activities (A)	**(31,314.37)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Proceeds from sale of subsidiary	-
	Purchase of property, plant and equipment and intangible assets	(577.96)
	Proceeds from sale of property, plant and equipment and intangible assets	26.00
	Dividend received from subsidiary	
	Net cash flows from/(used in) investing activities (B)	**(551.96)**
C.	**CASH FLOW FROM FINANCING ACTIVTIES**	
	Derivatives	(8,263.10)
	Amounts received from deposits (including ICDs)	44,336.10
	Repayments of deposit	(29,408.20)
	Interest paid	-
	Other Borrowing expenses paid	-
	Amounts received from debt securities	130,851.80
	Repayments of debt securities	(95,578.90)
	Amounts received from subordinated debts	-
	Repayments of subordinated debts	(4,490.10)
	Increase/(decrease) in interest accrued on borrowings	-
	Amounts received from borrowings other than debt securities	425,695.40
	Repayments of borrowings other than debt securities	(406,832.70)
	Payment of Lease Liabilities	(562.00)
	Dividend paid	(2,723.80)
	Tax on dividend	(559.60)
	Net cash flows from financing activities (C)	**52,464.90**
	Net increase in cash and cash equivalents (A+B+C)	20,598.54
	Add: Adjustment on disposal of subsidiary	-
	Cash and cash equivalents at the beginning	10,291.40
	Cash and cash equivalents at the end of the year	**30,889.87**
	Net cash provided by (used in) operating activities includes	
	Interest received on loan	144,877.40

	Particular	Year ended March 31, 2020
	Interest paid	(59,230.68)
	Dividend received	1.90

GENERAL INFORMATION

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

Registered Office

Mookambika Complex,
3rd Floor, No. 4, Lady Desika Road,
Mylapore, Chennai,
Tamil Nadu – 600004.
Tel: +91 44 2499 0356
Website: www.stfc.in
CIN: L65191TN1979PLC007874
Company Registration Number: 007874

Corporate Office

Wockhardt Towers,
Level – 3, West Wing,
C-2, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
Tel: +91 22 4095 9595
Website: www.stfc.in

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
Registrar of Companies
Block No.6,B Wing 2nd Floor
Shastri Bhawan 26,
Haddows Road,
Chennai – 600034

Board of Directors

The following table sets forth details of the Board:

Sr. No	Name	Designation	Address	DIN
1.	Lakshminarayanan Subramanian	Chairman - Independent Director	33, Paschimi Marg, First Floor, Vasant Vihar, New Delhi-110057	02808698
2.	Umesh Govind Revankar	Managing Director and Chief Executive Officer	1001, Simran CHS Ltd., Plot no. 9, 15th Road, Khar (West), Near Gabana HDFC Bank, Mumbai – 400052	00141189
3.	Puneet Bhatia	Non-Executive and Non Independent Director	525 A Magnolias, DLF Golf Course, DLF Phase 5, Gurgaon, Haryana-122009	00143973
4.	Kishori Udeshi	Non-Executive and Independent Director	15, Sumit Apartment, 31, Carmichael Road, Mumbai – 400026	01344073
5.	Sridhar Srinivasan	Non-Executive and Independent Director	D-905, Ashok Towers, Dr. S. S. Rao Road, Parel, Mumbai - 400012	00004272

Sr. No	Name	Designation	Address	DIN
6.	Ravi Devaki Venkataraman	Non-Executive and Non-Independent Director	B3E, Regal Palm Gardens, CEE DEE YES Apartments, Velachery Tambaram Road, Velachery, Chennai- 600 042	00171603
7.	Pradeep Kumar Panja	Non-Executive and Independent Director	Bhaskara 21, I Main Road, 4th Cross, Gaurav Nagar, JP Nagar 7th Phase Bangalore 560 078	03614568
8.	Ignatius Michael Viljoen	Non-Executive and Non-Independent Director	419, Highland Road, Kensington, Johannesburg, 2094, South Africa	08452443

Company Secretary and Compliance Officer

Mr. Vivek Madhukar Achwal
Company Secretary and Compliance Officer
Shriram Transport Finance Company Limited
Wockhardt Towers, Level-3
West Wing, C –2, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051
Tel.: +91 22 4095 9595
Email: stfcricomp@stfc.in

Global Co-ordinators and Lead Managers to the Issue

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg
Churchgate
Mumbai – 400 020
Maharashtra, India
Telephone: +91 22 2288 2460
E mail: stfc.rights@icicisecurities.com
Investor Grievance E-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rishi Tiwari/ Nidhi Wangnoo[
SEBI Registration No.: INM000011179

BNP Paribas
BNP Paribas House, 1-North Avenue, Maker Maxity,
Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Telephone no.: +91 22 3370 4000
E mail: dl.rights.stfc@asia.bnpparibas.com
Investor Grievance e-mail: indiainvestors.care@asia.bnpparibas.com
Website: www.bnpparibas.co.in
Contact Person: Mehul Golwala
SEBI Registration No.: INM000011534

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial Center
G-Block, C 54 & 55
Bandra Kurla Complex
Bandra (East) , Mumbai 400 098
Maharashtra, India
Telephone no.: +91 22 6175 9999
E mail: projectsapphire2020.apac@citi.com
Investor Grievance e-mail: investors.cgmib@citi.com
Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
Contact Person: Siddharth Sharma
SEBI Registration No.: INM000010718

Credit Suisse Securities (India) Private Limited
9th Floor, Ceejay House
Plot F, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018
Telephone no.: +91 22 6777 3885
E mail: list.projectsapphire2020@credit-suisse.com
Investor Grievance e-mail: list.igcellmer-bnkg@credit-suisse.com
Website: www.credit-suisse.com
Contact Person: Abhishek Joshi
SEBI Registration No.: INM000011161

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road,
Fort, Mumbai 400 001
Telephone no.: +91 22 2268 5555
E mail: stfcrights@hsbc.co.in
Investor Grievance e-mail: investorgrievance@hsbc.co.in

J.P. Morgan India Private Limited
J.P. Morgan Towers
Off CST Road, Kalina, Santacruz East
Mumbai 400 098
Telephone: +91 22 6157 3000
E mail: stfc.rights@jpmorgan.com

Website: https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback
Contact Person: Mr. Ayush Jain / Ms. Sanjana Maniar
SEBI Registration No.: INM000010353

Investor Grievance E-mail: investorsmb.jpmipl@jpmorgan.com
Contact Person: Shagun Gupta
Website: www.jpmipl.com
SEBI Registration No.: INM000002970

Joint Lead Managers to the Issue

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai 400 025
Telephone no.: +91 22 4325 2183
E mail: stfcl.rights@axiscap.in
Investor Grievance e-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Sagar Jatakiya
SEBI Registration No.: INM000012029

SBI Capital Markets Limited
202, Market Tower 'E'
Cuffe Parade, Mumbai 400 005
Telephone no.: +91 22 2217 8300
E mail: stfc.rights@sbicaps.com
Investor Grievance e-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Aditya Deshpande/Sylvia Mendonca
SEBI Registration No.: INM000003531

Legal Counsel to the Company as to Indian Law

Wadia Ghandy & Co.
NM Wadia Buildings,
123, Mahatma Gandhi Road,
Mumbai, Maharashtra 400001
Tel: +91 22 22715600/ 22670669

Legal Counsel to the Lead Managers as to Indian Law

J. Sagar Associates
Vakils House,
18 Sprott Road
Ballard Estate
Mumbai 400001
Maharashtra
Tel: +91 22 4341 8600

Legal Counsel to the Lead Managers as to International Law

Linklaters Singapore Pte. Ltd
One George Street #17-01
Singapore 049145
Tel: +65 6692 5700

Joint Statutory Auditors of the Company

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

Pijush Gupta & Co.
Chartered Accountants
GF – 17, Augusta Point,
Golf Course Road, Sector – 53
Gurugram – 122 002, Haryana
Tel: +91 012 4456 9416
Email: sangeeta@pijushgupta.com
Firm Registration No.: 309015E
Membership No.: 064225
Contact Person: Sangeeta Gupta

Registrars to the Issue

Kfin Technologies Private Limited

Integrated Registry Management Services Private

(formerly known as "Karvy Fintech Private Limited")
Selenium, Tower B
Plot No- 31 and 32, Financial District
Nanakramguda, Serilingampally
Hyderabad, Rangareddi 500 032
Telangana, India
Tel: +91 40 6716 2222
E-mail: stfc.rights@kfintech.com
Investor grievance e-mail:
einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Limited
2nd Floor, "Kences Towers", No. 1,
Ramakrishna Street, North Usman Road,
T. Nagar, Chennai – 600 017
Tel: +91 44 2814 0801, +91 44 2814 0802 and +91 44 2814 0803
Fax:+91 44 2814 2479
Email: stfcrights@integratedindia.in
Investor Grievance Email:
sureshbabu@integratedindia.in
Website: www.integratedindia.in
Contact Person: Ms. Anusha N / Mr. K Balasubramanian
SEBI Registration No: INR000000544

Investors may contact the Registrars or our Compliance Officer and Company Secretary for any Issue related matter. All grievances relating to the ASBA process or OAP process may be addressed to the Registrars, with a copy to the SCSBs, giving full details such as name, address of the applicant, contact number(s), e-mail ID of the first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of OAP process), ASBA Account number and the Designated Branch of the SCSBs where the plain paper application was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e -acknowledgement (in case of OAP process). For further details on the ASBA and OAP process, please refer to the section titled "*Terms of the Issue*" beginning on page 399.

Experts

Our Company has received consent from its Joint Statutory Auditors, Haribhakti & Co. LLP and Pijush Gupta & Co. through their letter dated [●] and [●], respectively, to include their name in this Letter of Offer in respect of the Financial Statements and as an "expert" as the Companies Act, 2013 to the extent and in their capacity as the Joint Statutory Auditors and in respect of the reports issued by it included in this Letter of Offer and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act, 1933.

Bankers to the Issue

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation#:	[●]
Issue Closing Date*	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
** Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrars not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●]. Further, in accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. For details, see "*Terms of the Issue*" on page 399.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company and the Lead Manager or the Registrars will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID- 19 related conditions. For details on submitting Application, see "*Terms of the Issue*" on page 399.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrars (*i.e.*, (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram)after keying in their respective details along with other security control measures implemented thereat. For details, see "*Terms of the Issue*" on page 399.

Statement of Inter-se Allocation of Responsibilities

Sr. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such type of instrument, number of instruments to be issued, etc.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
2.	Coordination for drafting and design of the Letter of Offer as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
3.	Assist in drafting, design of the Abridged Letter of Offer, Application Form, etc.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
4.	Selection of various agencies connected with Issue, such as Registrars to the Issue, printers, advertising agencies, Monitoring Agency, etc., as may be applicable and finalisation of the respective agreements.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	BNP
5.	Liasoning with the Stock Exchanges for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
6.	Assist in drafting and approval of all statutory advertisements	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
7.	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	CS
8.	Formulating and Coordination of International marketing strategy	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	JPM
9.	Formulation and coordination of Domestic Institutional marketing strategy	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
10.	Co-ordination with stock exchanges and formalities for use of online software, bidding	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	Citi

	terminal, mock trading, etc. including submission of 1% deposit		
11.	Non-Institutional and Retail Marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies; • Finalising collection centres; and • Follow-up on distribution of publicity and Offer material including application form, letter of offer.	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec
12.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the Bank about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks, etc. and coordination of underwriting arrangement, if any	I-Sec, Axis, BNP, Citi, CS, HSBC, JPM, SBICAP	I-Sec

Credit Rating

As the Issue is of Rights Equity Shares, there is no requirement of credit rating for the Issue.

Debenture Trustee

As the Issue is of Rights Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed [●] as the Monitoring Agency to monitor the utilization of the Net Proceeds in terms of Regulation 82 of the SEBI ICDR Regulations. The details of Monitoring Agency are as follows:

[Name]
Telephone No.: [●]
Email: [●]
Website: [●]
Contact Person: [●]
SEBI Registration No: [●]

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, including devolvement to the Underwrites, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Our Promoter and SFVCPL, a member of our Promoter Group, have by way of their joint letter dated June 30, 2020 undertaken to mandatorily subscribe to the full extent of their respective Rights Entitlement in the Issue, except to the extent of renunciation within our Promoter and members of the Promoter Group. Further, in addition to subscription to their respective Rights Entitlement, each of our Promoter and SFVCPL, along with any other members of the Promoter Group, have reserved the right to subscribe to additional Rights Equity Shares, including for any Rights Entitlements renounced in their favour or in favour of any entities controlled by them.

Underwriting

Our Company has currently not entered into any underwriting arrangement. We may enter into such an arrangement for the purpose of the Rights Issue at an appropriate time and on such terms and conditions as we may deem fit. In the event our Company enters into such an arrangement, which shall be done, prior to the filing of the Letter of Offer with the Stock Exchanges, we shall disclose the details of the underwriting arrangement in the Letter of Offer as required under the SEBI ICDR Regulations.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of Regulation 71(8) of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer with SEBI at its office located at Plot No.C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra and do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as provided below:

(*in Rs. millions, except share data*)

Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
AUTHORIZED SHARE CAPITAL		
647,000,000 Equity Shares of face value of Rs. 10 each	6,470.00	-
95,000,000 Preference Shares of face value of Rs. 100 each	9,500.00	-
Total Authorized Share Capital	**15,970.00**	-
ISSUED CAPITAL BEFORE THE ISSUE#		
226,888,877 Equity Shares of face value of Rs. 10 each	2,268.88	
SUBSCRIBED CAPITAL BEFORE THE ISSUE#		
226,882,736 Equity Shares of face value of Rs. 10 each	2,268.83	
PAID-UP CAPITAL BEFORE THE ISSUE		
22,68,82,736 Equity Shares of face value Rs. 10 each fully paid-up	2,268.83	
PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER*		
[●] Rights Equity Shares of face value of Rs. 10 each for cash at a price of Rs. [●] per Rights Equity Share (including a premium of Rs. [●] per Rights Equity Share)	[●]	[●]
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE*		
[●] Equity Shares of face value of Rs. 10 each fully paid-up	[●]	-
SECURITIES PREMIUM ACCOUNT		
Before the Issue	17,548.10	-
After the Issue**	[●]	-

** The Issue has been authorized by the Board at its meeting held on June 15, 2020.*

*** Assuming full subscription of the Issue and not adjusting for the expenses of the Issue.*

#The difference in the issued capital and subscribed capital is on account of 6141 Equity Shares kept in abeyance

Notes to the Capital Structure:

1. Our Promoter or Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

2. Except as disclosed in this Letter of Offer, no Equity Shares held by the Promoter and the Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

3. **Subscription to this Issue by our Promoter and Promoter Group**

   Our Promoter and SFVCPL, a member of our Promoter Group, have by way of their joint letter dated June 30, 2020 undertaken to mandatorily subscribe to the full extent of their respective Rights Entitlement in the Issue, except to the extent of renunciation within our Promoter and members of the Promoter Group. Further, in addition to subscription to their respective Rights Entitlement, each of our Promoter and SFVCPL, along with any other members of the Promoter Group, have reserved the right to subscribe to additional Rights Equity Shares, including for any Rights Entitlements renounced in their favour or in favour of any entities controlled by them. The subscription by the Promoter along with members of the Promoter Group and any persons acting in concert, shall not breach minimum public float of 25% of the total paid-up equity capital under 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

4. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Letter of Offer.

5. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations in connection with the Issue is Rs. [●].

6. If our Company does not receive the minimum subscription of 75% of the Issue Size, including devolvement to the Underwriters, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

7. At any given time, there shall be only one denomination of the Equity Shares.

8. All Equity Shares are fully paid-up, and there are no partly paid-up Equity Shares, as on the date of this Letter of Offer. For further details on the terms of the Issue, please refer to the section titled "*Terms of the Issue*" beginning on page 399**.**

9. **Details of the Shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The table below sets forth details of shareholders of our Company holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on June 26, 2020:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of Equity Shares held (in %)
1.	Shriram Capital Limited	5,95,04,947	26.23
2.	Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	1,15,48,907	5.09
3.	Sanlam Life Insurance Limited	67,57,267	2.98
4.	Government Pension Fund Global	49,58,790	2.19
5.	T. Rowe Price International Growth and Income fund	39,07,424	1.72
6.	T. Rowe Price New Asia Fund	29,39,555	1.30
7.	Vanguard Total International Stock Index Fund	28,74,226	1.27
8.	Composite Capital Master Fund LP	28,37,000	1.25
9.	Fidelity Funds - India Focus Fund	27,58,830	1.22
10.	Invesco Perpetual Fund (Under different sub Accounts)	24,79,245	1.09
11.	T. Rowe Price International Value Equity Trust	24,42,361	1.08
12.	Fidelity Investment Funds - Fidelity Asia Pacific Opportunities Fund	22,87,581	1.01
13.	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	22,71,796	1.00
14.	Generation IM Fund PLC-Generation IM Asia Fund	22,62,940	1.00

Shareholding pattern of our Company as on March 31, 2020

A. Shareholding pattern of the Equity Shares of our Company as on March 31, 2020

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+ C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C 2)	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class eg: X	Class eg: y	Total				(a)	(b)	(a)	(b)	
(A)	Promoter & Promoter Group	2	59554984	0	0	59554984	26.25	59554984	0	59554984	26.25	0	26.25	0	0.00	0	0.00	59554984
(B)	Public	56491	167327752	0	0	167327752	73.75	167327752	0	167327752	73.75	0	73.75	0	0.00	NA		164848768
(C)	Non-Promoter-Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	0.00	0	0.00	NA		0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
	Total	**56493**	**226882736**	**0**	**0**	**226882736**	**100.00**	**226882736**	**0**	**226882736**	**100.00**	**0**	**100.00**	**0**	**0.00**	**0**	**0.00**	**224403752**

B. *Statement showing shareholding pattern of persons belonging to the category "Promoter and Promoter Group" as on March 31, 2020*

	Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No.	As a % of total shares held	
								Class X	Class Y	Total				(a)	(b)	(a)	(b)	
(1)	**Indian**																	
(a)	Individuals / Hindu undivided Family	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Financial Institutions/ Banks	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Any Other (specify)																	
(i)	Bodies Corporate																	
	Shriram Capital Limited	1	59504947	0	0	59504947	26.23	59504947	0	59504947	26.23	0	26.23	0	0.00	0	0.00	59504947
	Shriram Financial Ventures (Chennai) Private Limited	1	50037			50037	0.02	50037		50037	0.02		0.02					50037
Sub-Total (A)(1)		**2**	**59554984**	**0**	**0**	**59554984**	**26.25**	**59554984**	**0**	**59554984**	**26.25**	**0**	**26.25**	**0**	**0.00**	**0**	**0.00**	**59554984**
(2)	**Foreign**																	
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Government	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Institutions	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	Any Other (specify)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
Sub-Total (A)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0**

	Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No.	As a % of total shares held	
								Class X	Class Y	Total				(a)	(b)	(a)	(b)	
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		**2**	**59554984**	**0**	**0**	**59554984**	**26.25**	**59554984**	**0**	**59554984**	**26.25**	**0**	**26.25**	**0.00**	**0.00**	**0.00**	**0.00**	**59554984**

.

C. Statement showing shareholding of persons belonging to the category "Public" as on March 31, 2020

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
(1)	Institutions																	
(a)	Mutual Funds/UTI	26	3971231	0	0	3971231	1.75	3971231	0	3971231	1.75	0	1.75	0	0.00	NA		3943036
(b)	Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
(c)	Alternate Investment Funds	5	221650	0	0	221650	0.10	221650	0	221650	0.10	0	0.10	0	0.00	NA		221650
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
(e)	Foreign Portfolio Investors	692	146693422	0	0	146693422	64.666	146693422	0	146693422	64.66	0	64.66	0	0.00	NA		146693422
	Fidelity Investment Trust Fidelity Series Emerging	1	7363176	0	0	7363176	3.25	7363176	0	7363176	3.25	0	3.25	0	0.00	NA		7363176

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
	Markets Opportunities Fund																	
	Samlam Life Insurance Limited	1	6757267	0	0	6757267	2.98	6757267	0	6757267	2.98	0	2.98	0	0.00	NA		6757267
	Government Pension Fund Global	1	4958790	0	0	4958790	2.19	4958790	0	4958790	2.19	0	2.19	0	0.00	NA		4958790
	T. Rowe Price New Asia Fund	1	3440380	0	0	3440380	1.52	3440380	0	3440380	1.52	0	1.52	0	0.00	NA		3440380
	MFS Emerging Markets Equity Fund	1	3411333	0	0	3411333	1.50	3411333	0	3411333	1.50	0	1.50	0	0.00	NA		3411333
	Generation IM Fund PLC-Generation IM Asia Fund	1	2946778	0	0	2946778	1.30	2946778	0	2946778	1.30	0	1.30	0	0.00	NA		2946778
	Vanguard Total International	1	2923042	0	0	2923042	1.29	2923042	0	2923042	1.29	0	1.29	0	0.00	NA		2923042

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
	Stock Index Fund																	
	Invesco Perpetual Fund *(under different sub accounts)*	1	2891050	0	0	2891050	1.27	2891050	0	2891050	1.27	0	1.27	0	0.00	NA		2891050
	Investec Global Strategy Fund - Asian Equity Fund	1	2759606	0	0	2759606	1.22	2759606	0	2759606	1.22	0	1.22	0	0.00	NA		2759606
	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International E	1	2489000	0	0	2489000	1.10	2489000	0	2489000	1.10	0	1.10	0	0.00	NA		2489000
	Abu Dhabi Investment Authority *(under*	1	2295127	0	0	2295127	1.01	2295127	0	2295127	1.01	0	1.01	0	0.00	NA		2295127

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
	different sub accounts)																	
(f)	**Financial Institutions/ Banks**	6	514983	0	0	514983	0.23	514983	0	514983	0.23	0	0.23	0	0.00	NA		514773
(g)	**Insurance Companies**	7	1420553	0	0	1420553	0.63	1420553	0	1420553	0.63	0	0.63	0	0.00	NA		1420553
(h)	**Provident Funds/ Pension Funds**	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
(i)	Any Other (specify)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
Sub-Total (B)(1)		**736**	**152821839**	**0**	**0**	**152821839**	**67.36**	**152821839**	**0**	**152821839**	**67.36**	**0**	**67.36**	**0**	**0.00**	**NA**		**152793434**
(2)	**Central Government/ State Government(s)/ President of India**	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
Sub-Total (B)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0**	**NA**		**0**
(3)	**Non-institutions**																	
(a)	**Individuals -**																	

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	53914	9879992	0	0	9879992	4.25	9879992	0	9879992	4.35	0	4.35	0	0.00	NA		7458359
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	20	1197890	0	0	1197890	0.53	1197890	0	1197890	0.53	0	0.53	0	0.00	NA		1197890
(b)	**NBFCs registered with RBI**	2	110	0	0	110	0.00	110	0	110	0.00	0	0.00	0	0.00	NA		110
(c)	Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA		0
(e)	**Any Other (specify)**																	

	Category & Name of the Shareholders	Nos. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total								
	Association of Persons	2	115	0	0	115	0.00	115	0	115	0.00	0	0.00	0	0	NA		115
	Bodies Corporate	358	657296	0	0	657296	0.29	657296	0	657296	0.29	0	0.29	0	0.00	NA		632850
	Clearing Members	206	979601	0	0	979601	0.43	979601	0	979601	0.43	0	0.43	0	0.00	NA		979601
	Limited Liability Partnership - LLP	18	44934	0	0	44934	0.02	44934	0	44934	0.02	0	0.02	0	0.00	NA		44934
	NRI	1229	305241	0	0	305241	0.13	305241	0	305241	0.13	0	0.13	0	0.00	NA		300741
	Trusts	4	398221	0	0	398221	0.18	398221	0	398221	0.18	0	0.18	0	0.00	NA		398221
	IEPF	1	965823	0	0	965823	0.43	965823	0	965823	0.43	0	0.43	0	0.00	NA		965823
	Unclaimed or Suspense or Escrow Account	1	76690	0	0	76690	0.03	76690	0	76690	0.03	0	0.03	0	0.00	NA		76690
Sub-Total (B)(3)		**55755**	**14505913**	**0**	**0**	**14505913**	**6.39**	**14505913**	**0**	**14505913**	**6.39**	**0**	**6.39**	**0**	**0.00**	**NA**		**12055334**
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		**56491**	**167327752**	**0**	**0**	**167327752**	**73.75**	**167327752**	**0**	**167327752**	**73.75**	**0**	**73.75**	**0**	**0.00**	**NA**		**164848768**

D. *Statement showing shareholding pattern of the "Non-Promoter – Non-Public" Shareholders as on March 31, 2020*

	Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
	(I)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	As a % of (A+B+C2) (VIII)	(IX)				(X)	(XI) = (VII)+(X) as a % of A+B+C2	(XII)		(XIII)		(XIV) (Not Applicable)
								No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (not applicable)	As a % of total shares held (Not applicable)	
								Class X	Class Y	Total				(a)	(b)	(a)	(b)	
(1)	**Custodian/DR Holder**	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00		0	0
(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		NA	-
(2)	**Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)**	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00		0	0
Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00		NA	0

OBJECTS OF THE ISSUE

The objects as stated in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through the Issue.

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects towards augmenting capital base

Proceeds of the Issue

The details of the proceeds of the Issue are summarized in the table below:

(*in Rs. Millions*)

Particulars	Amount
Gross proceeds to be raised from the Issue	15,000.00
Less: Estimated Issue related expenses	[●]
Net Proceeds	[●]

Utilization of Net Proceeds

The details of the proposed utilization of Net Proceeds are summarized in the table below:

(*in Rs. Millions*)

Sr. No	Particulars	Amount
1.	Augment capital base	[●]
	Total	[●]

Proposed Schedule of Implementation and Deployment of Net Proceeds

Our Company proposes to deploy the entire Net Proceeds towards the aforestated objects during Fiscal 2021 depending upon various factors including the actual timing of the completion of the Issue and the receipt of the Net Proceeds.

The following table provides the schedule of utilisation of the Net Proceeds:

(in Rs. Millions)

Sr. No.	Particulars	Amount to be utilised in Fiscal 2021
1.	Augment capital base	[●]
	Total	[●]

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond our control. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such project proposed to be funded from the Net Proceeds does not arise.

Details of the objects of the Issue

The details in relation to the objects of the Issue are set forth below:

Augment Capital Base

We are subject to the capital adequacy ratio ("**CAR**") requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15.00%, as prescribed under the master directions on Non-Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as amended from time to time, based on our total capital to risk-weighted assets. All deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00% of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. We ordinarily maintain a capital adequacy ratio higher than the statutorily prescribed CAR. As of March 31, 2020, our Tier I capital adequacy ratio computed on the basis of applicable RBI requirements was 18.13% compared to the minimum capital adequacy requirement of 15.00% stipulated by the RBI.

The Net Proceeds are proposed to be utilized for increasing our capital base. We anticipate that the Net Proceeds will be sufficient to satisfy our Company's Tier- I capital requirements for Financial Year 2021. The Net Proceeds will be utilised to increase our Company's Tier I capital base to meet our future capital requirements which are expected to arise out of growth of our business and assets.

Accordingly, the Net Proceeds are proposed to be utilized for increasing our Company's capital base which will be utilized towards our Company's business and growth including towards onwards lending, payment of operating expenditure, purchase of assets and repayment of outstanding loans and interest thereon as part of our business activities.

Estimated Issue Related Expenses

The estimated Issue related expenditure is as follows:

Sr. No	Particulars	Amount (*in Rs. Millions*)	Percentage of total estimated Issue Expenses (%)	Percentage of Issue Size (%)
1.	Fees of the Lead Managers and underwriting commission	[●]	[●]	[●]
2.	Registrars' fees	[●]	[●]	[●]
3.	Fees of the Legal Advisors, other professional service providers	[●]	[●]	[●]
4.	Advertising and marketing expenses including shareholder outreach	[●]	[●]	[●]
5.	Fees of the regulators (including Stock Exchanges and depositories)	[●]	[●]	[●]
6.	Other expenses (including miscellaneous expenses)	[●]	[●]	[●]
	Total estimated Issue related expenses*	[●]	[●]	[●]

* *Subject to finalisation of basis of allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.*

Bridge Financing Facilities

As on the date of this Letter of Offer, our Company has not availed any bridge loans from any banks or financial institutions towards the objects of the Issue, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation (for the stated objects), with scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended.

Monitoring Utilization of Funds from the Issue

Our Company has appointed [●] as the Monitoring Agency in relation to the Issue. Our Board will monitor the utilization of the Net Proceeds, and the Monitoring Agency shall submit its report to the Board in terms of Regulation 82(2) of SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 18(3) and 32(3) of SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board. Pursuant to Regulation 32(5), our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Further, according to Regulation 32(1) of SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the objects of the Issue as stated in this chapter; and (ii) details of category wise variations , if any, in the proposed utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report. Furthermore, our Company shall furnish to the Stock Exchanges any comments or report received from the Monitoring Agency, in accordance with Regulation 32(6) of the SEBI Listing Regulations, and such report of the Monitoring Agency shall be placed before the Audit Committee promptly upon its receipt, in accordance with Regulation 32(7) of the SEBI Listing Regulations.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Financial and Strategic Partners

Our Company does not have any financial or strategic partners to the objects of the Issue as of the date of this Letter of Offer.

Other Confirmations

No part of the proceeds from the Issue will be paid by our Company as consideration to its Promoter, Promoter Group or Directors, except in the normal course of its business.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSBILE DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Shriram Transport Finance Company Limited
Mookambika Comple,
3rd floor, no. 4
Lady Desika road
Mylapore
Chennai,
Tamil Nadu – 600 004

Dear Sirs

Sub: Statement of possible special direct tax benefits available in connection with proposed rights issue of Equity Shares (the "Rights Issue") of Shriram Transport Finance Company Limited (the "Company"), (the "Statement").

1. In connection with the Rights Issue by the Company, we hereby confirm that the enclosed Annexure, prepared by the Company, provides the possible special direct tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the IT Act') as amended by the Finance Act 2019, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the aforesaid tax laws. Hence, the ability of the Company and / or its shareholders to derive the possible special direct tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Rights Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

3. The benefits discussed in the Statement are only intended to provide the tax benefits to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal, etc. of the shares. The tax benefits listed herein are only the possible benefits which may be available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, which based on business imperative it faces in the future, it may or may not choose to fulfil.

4. We do not express any opinion or provide any assurance as to whether:

   - The Company or its shareholders will continue to obtain these benefits in future;

   - The conditions prescribed for availing the benefits have been / would be met with; and

   - The revenue authorities / courts will concur with the view expressed herein.

5. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

6. We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholder in the Letter of Offer in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose.

Yours faithfully,

For Haribhakti & Co. LLP	For Pijush Gupta & Co.
Chartered Accountants	Chartered Accountants
Firm Registration Number: 103523W/ W100048	Firm Registration Number: 309015E
___________________	___________________
Sumant Sakhardande	Sangeeta Gupta
Partner	Partner
Membership No: 034828	Membership No: 064225
UDIN :	UDIN :
Mumbai	Mumbai
Date: June __, 2020	Date: June __, 2020

Encl.: Annexure to the Statement of special direct tax benefits available to the Company and its shareholders under the applicable tax laws in India

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TOTHE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the possible Special tax benefits available to the Company and its shareholders under the direct tax laws in force in India. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

a) Special tax benefits available to the Company under the Income Tax Act, 1961 as amended by the Finance Act 2019, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22.

A new section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives (e.g. deduction under section 14A, 80-G etc.)

The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under section 115JB itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA, MAT credit would not be available.
Corresponding amendment has been inserted under section 115JAA dealing with MAT credit.

The Company has exercised the above option. Therefore, there are no special tax benefits available to the Company.

b) Special tax benefits available to the shareholders of the Company under the Income Tax Act, 1961 as amended by the Finance Act 2019, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22.

There are no special tax benefits available to the shareholders of the Company arising out of the proposed rights issue

Note:

1. All the above benefits are as per the current tax laws and any change or amendment in the laws/regulation, which when implemented would impact the same.
2. This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
3. In respect of non-residents, the rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
4. The above statement covers only above mentioned tax laws benefits and does not cover any indirect tax law benefits or benefit under any other law.
5. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Shriram Transport Finance company Limited

Authorized Signatory

SECTION V – ABOUT THE COMPANY

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" beginning on page 14 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on beginning on page 15 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our financial year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year. Unless context requires otherwise, the financial information used in this section for the Fiscals 2020 and 2019 is derived from the Financial Statements included in this Letter of Offer. For further information, see "Financial Information" on page 99 of this Letter of Offer.

Overview

Our Company was established in 1979 and we have a track record of over three decades in the commercial vehicle financing industry in India. The Company is registered as a deposit-taking NBFC with the Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934. We are a part of the Shriram group of companies, which has a presence in various aspects of financial services in India, including commercial vehicle financing, consumer finance, life and general insurance and stock broking,. Our Company is also registered with Insurance Regulatory and Development Authority of India as a corporate agent to deal in general insurance and life insurance since 2013.

Our focus is catering to first time buyers ("**FTB**") and small road transport operators ("**SRTOs**") for financing preowned commercial vehicles. We provide financing for various kinds of commercial vehicles, including passenger commercial vehicles, heavy goods vehicle, light goods vehicle, farm equipments (tractors and harvesters) as well as ancillary equipment and vehicle parts finance, such as loans for tyres and engine replacements, construction equipment vehicles & machinery finance. We also provide working capital facility and a range of personal loans. We also offer financial services (namely life and general insurance policies) to commercial vehicle operators, thereby providing comprehensive financing solutions to the road logistics industry in India.

Our network of branches across India has been a key driver of our growth over the years. As of March 31, 2020, we had 1,758 branches across India. We have also established our presence in 844 rural centres as of March 31, 2020, with a view towards increasing our market share in the pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have also strategically expanded our marketing network and operations by entering into revenue sharing agreements with 1,160 private financiers in the unorganised sector involved in commercial vehicle financing. As of March 31, 2020, the total number of our employees was 28,045.

Our AUM as of March 31, 2019 was Rs. 1,04,4822.77 million (comprising assets under financing activities of Rs.1,02,3074.90 million and loan assets assigned of Rs. 21,747.87 million) on a standalone basis, which increased to Rs. 1,097,492.42 million as on March 31, 2020 (comprising assets under financing activities of Rs. 1,085,017.10 million and loan assets assigned of Rs. 12,475.32 million) on a standalone basis.

Our capital adequacy ratio as of March 31, 2020 computed on the basis of applicable RBI requirements was 21.99% on standalone basis, compared to RBI stipulated minimum requirement of 15.00%. Our capital adequacy ratio as of March 31, 2019 computed on the basis of applicable RBI requirements was 20.27% on a standalone basis, compared to the RBI stipulated minimum requirement of 15.00%. Our Tier I capital as of March 31, 2020 was Rs. 162,618.50 million on a standalone basis, as compared to Rs. 157,503.00 million on a standalone basis as of March 31, 2019. Our Tier II capital as of March 31, 2020 was Rs. 34,623.92 million on a standalone basis, as compared to Rs. 46,881.67 million on a standalone basis as of March 31, 2019. Our Stage 3 Assets as a percentage of Total Loan Assets was 8.46% and our Stage 3 Assets net of Stage 3 Provision as a percentage of Net Loan Assets was 5.86% as of March 31, 2020, compared to 8.42% and 5.84% as of March 31, 2019 on a standalone basis, respectively.

Our total income (including exceptional items) was Rs. 165,826.26 million in Fiscal 2020 on a standalone basis as compared to Rs. 155,566.60 million in Fiscal 2019. Our profit after tax was Rs. 25,018.38 million in Fiscal 2020 on a standalone basis, as compared to Rs. 25,639.90 million in Fiscal 2019.

A summary of our key operational and financial parameters derived from our Consolidated Financial Statements are as follows:

(Rs. in millions)

Parameters[(1)]	**Fiscal 2020**	**Fiscal 2019**
Net worth[(2)]	1,81,146.73	1,59,351.30
Total Borrowings of which	9,43,717.46	8,79,144.01
Debt Securities	3,42,669.59	3,41,817.60
Borrowings (other than debt securities)	4,24,745.99	3,71,893.00
Deposits	1,19,601.15	1,03,414.60
Subordinated Liabilities	56,700.73	62,018.80
Property, plant and equipment	1,498.75	1,434.60
Other Intangible assets	26.68	19.70
Financial assets	11,33,021.97	10,49,455.20
Non-financial assets	9,635.83	4,734.30
Cash and cash equivalents	30,889.87	10,291.40
Bank balance other than above	42,259.33	29,523.30
Investments	29,356.29	41,255.40
Financial liabilities	9,57,918.52	8,91,504.80
Non-financial liabilities	3,316.30	3,057.20
Total income	1,65,826.26	1,55,566.55
Interest Income	1,62,674.60	1,53,356.90
Finance Costs	82,702.56	75,112.60
Impairment on financial instruments	27,948.76	23,822.60
Profit for the year	25,122.68	25,756.80
Total Comprehensive Income	25,077.75	25,732.61

Notes:

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

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

A summary of our key operational and financial parameters derived from our Standalone Financial Statements are as follows:

(Rs. in millions)

Parameters	**Fiscal 2020**	**Fiscal 2019**
Net worth(1)	1,79,775.23	1,58,086.60
Total Borrowings of which	9,43,717.46	8,79,144.00
Debt Securities	3,42,669.59	3,41,817.60
Borrowings (other than debt securities)	4,24,745.99	3,71,893.00
Deposits	1,19,601.15	1,03,414.60
Subordinated Liabilities	56,700.73	62,018.80
Property, plant and equipment	1,498.75	1,434.60
Other Intangible assets	26.68	19.70
Financial assets	11,31,650.48	10,48,190.50
Non-financial assets	9,635.83	4,734.30
Cash and cash equivalents	30,889.87	10,291.40

Parameters	Fiscal 2020	Fiscal 2019
Bank balance other than above	42,259.33	29,523.30
Investments	27,984.80	39,990.70
Financial liabilities	9,57,918.52	8,91,504.80
Non-financial liabilities	3,316.30	3,057.20
Asset Under Management as per Ind AS(2)	10,97,492.42	10,44,822.77
Off-balance sheet assets as per Ind AS (3)	12,475.32	21,747.87
Total income	1,65,826.26	1,55,566.60
Interest Income	1,62,674.60	1,53,356.90
Finance Costs	82,702.56	75,112.60
Impairment on financial instruments	27,948.76	23,822.60
Profit for the year	25,018.38	25,639.90
Total Comprehensive Income	24,970.99	25,616.70
Stage 3 Assets as a percentage of Total Loan Assets as per Ind AS (gross of Provisions) (per cent.)(4)	8.46%	8.42%
Stage 3 Asset net of Stage 3 Provision as a percentage of Net Loan Assets as per Ind AS (per cent.)(5)	5.86%	5.84%
Tier I Capital Adequacy Ratio (per cent.)	18.13%	15.62%
Tier II Capital Adequacy Ratio (per cent.)	3.86%	4.65%

Notes:

(1) Net worth as defined in Section 2(57) of the Companies Act, 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
(2) Asset Under Management as per Ind AS: Total loan assets and loan assets assigned, which continue to be serviced by the transferor.
(3) Off-balance sheet assets as per Ind AS: Hypothecation loans assigned till date, which continue to be serviced by the transferor.
(4) Stage 3 Assets as a percentage of Total Loan Assets as per Ind AS (gross of Provisions): Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.
(5) Stage 3 Assets net of Stage 3 Provision.

Corporate Structure

The Company is managed by its board of directors and does not have any holding company or subsidiary company. The Promoter of the Company is Shriram Capital Limited.

RECENT DEVELOPMENTS

For information on recent developments concerning our Company, please see the section titled "*Material Developments*" beginning on page 377.

OUR STRENGTHS

We believe that the following are our key strengths:

Access to a large customer base through widespread network across India

We believe that we are one of the leading NBFCs in the organised sector in India that cater to FTBs and SRTOs for financing pre-owned commercial vehicles. Our widespread network of 1,758 branches across India and presence in 844 rural centres as of March 31, 2020 enables us to access a large base of customers, including most major and minor commercial vehicle hubs along various road transportation routes in India. As on March 31, 2020, our active customer base was over 2.12 million. We believe that our widespread branch network enables us to service and support our existing customers from proximate locations that provide customers with easy access to our services. We also have strategically expanded our marketing and customer origination network by entering into revenue sharing agreements with 1,160 private financiers involved in commercial vehicle financing, as of March 31, 2020. We believe our relationship with these partners is a critical factor in sourcing new customers and enhancing reach and market share with a low upfront capital cost. We believe that the relationships we have developed with our customers provide us with opportunities for repeat business and to cross sell our other products as well as derive benefit from customer referrals.

Unique business model with a strong brand name and financial performance

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

We believe that as a large and organised institution in an otherwise fragmented commercial vehicle financing market, with a widespread branch network, particularly in commercial vehicle hubs across India, as well as our large customer base, has enabled us to build a strong brand. We believe that our credit approval procedures, credit delivery process and relationship based loan administration and monitoring methodology have also aided in increasing customer loyalty and earning repeat business and customer referrals.

As a result of the above, as per our Consolidated Financial Statements, our total income (including exceptional items) was Rs. 165,826.26 million in Fiscal 2020 as compared to Rs. 155,566.60 million in Fiscal 2019. Our profit after tax was Rs. 25,122.68 million in Fiscal 2020 as compared to Rs. 25,756.80 million in Fiscal 2019. Our returns on asset (ROA) was 2.29% for Fiscal 2020 and 2.54% for Fiscal 2019. Further, as per our Consolidated Financial Statements, our return on equity (ROE) was 14.73% for Fiscal 2020 as compared to 17.37% for Fiscal 2019.

Access to a range of cost-effective funding sources

We fund our capital requirements through a variety of sources. As of March 31, 2020, 86.80% of our borrowed funds consisted of funds raised from financial institutions and banks (including public issues of non-convertible debentures), while the remaining 13.20% consisted of funds raised through retail borrowings.

We meet our funding requirements predominantly through term loans from banks (including cash credit and external commercial borrowing), the issue of redeemable non-convertible debentures, as well as deposits (including public and corporate deposits) and bonds in overseas market, which constituted 43.48%, 21.67%, 12.63% and 14.64% of our total borrowings, respectively, as of March 31, 2020. We access funds from a number of credit providers, including 56 banks and institutions comprising nationalised banks, private Indian banks, foreign banks and foreign institutional investors, and we believe our track record of debt servicing has allowed us to establish and maintain strong relationships with these financial institutions. As a deposit-taking NBFC, we are also able to mobilise fixed deposits. We have raised secured and unsecured non-convertible debentures at competitive rates. We have also raised subordinated loans eligible for Tier II capital. We undertake securitisation and assignment transactions as a cost-effective source of funds.

In relation to our short and long term debts, as of June 1, 2020, we have ratings of CRISIL rating of 'CRISIL AA+/Negative' for subordinated debt, 'CRISIL AA+/Negative' for NCDs, 'CRISIL PP-MLD AA+r/Negative' for long term principal protected market linked debentures, 'FAAA/Negative' for fixed deposit programme and 'CRISIL A1+' for commercial paper. India Ratings and Research of 'IND AA+/RWN' for NCDs, 'IND AA+/RWN/IND A1+' for bank loans, 'IND AA+/RWN' for subordinated debt, 'IND A1+' for Short-term debt/ commercial paper (CP) programme and 'IND tAA+/RWN' for term deposit. S&P Global Ratings gave a rating of 'BB-/Watch Negative/B' as Company's credit rating and 'BB-/Watch Negative' for senior secured notes. CARE Ratings has given a rating of

‘CARE AA+; Negative’ for our NCDs and subordinated debts, and ‘CARE A1+’ for our commercial papers. Fitch Ratings gave a rating of ‘BB Rating Watch Negative’ for the local currency long term issuer default rating, ‘B’ for short term issuer default rating, ‘BB Rating Watch Negative’ for local currency long term issuer default rating, ‘BB Rating Watch Negative’ for senior unsecured long term rating and ‘BB Rating Watch Negative’ for senior secured long term rating.

We believe that we have been able to achieve a relatively stable cost of funds, primarily due to our credit ratings, treasury management and fund raising programmes. For Fiscal 2020 our cost of borrowing was 9.05 % of our total finance cost, as compared to 8.81 % for Fiscal 2019. We believe that we are able to borrow from a range of sources at competitive rates.

In order to diversify the borrowing portfolio of the Company and to open new market/ avenue for borrowing, we have also issued senior secured notes of varying coupon and maturity under Medium Term Note programmes, aggregating to Rs. 12,049.22 million, as on March 31, 2020. All senior secured notes issued under the above programmes are fully hedged and would not involve any foreign exchange risk to the Company.

The RBI currently mandates commercial banks operating in India to maintain an aggregate of 40.00% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises (including SRTOs, which constitute the largest proportion of our loan portfolio), export credit and advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions such as us that are better positioned to or exclusively focus on originating such assets, through purchase of assets or securitised and assigned pools, to comply with these targets. We believe our securitised and assigned asset pools are particularly attractive to these banks as such transactions provide them with an avenue to increase their asset base through low-cost investments and limited risk. We believe that we can negotiate competitive interest rates with banks, NBFCs and other lenders since the majority of our loan portfolio is classified as priority sector lending. As per our Consolidated Financial Statements, in Fiscals 2019 and 2020, the total book value of loan assets securitised and assigned was Rs. 151,230.58 million and Rs. 165,811.25 million respectively.

Extensive experience and expertise in credit appraisal and collection processes

We believe that we have developed a unique business model that addresses the needs of a specific market segment with increasing demand. We focus on closely monitoring our assets and borrowers through relationship executives who develop long term relationships with FTBs and SRTOs, which enable us to capitalise on local knowledge. We follow credit policies, including limits on customer exposure, to ensure the asset quality of our loans and the security provided for such loans.

We believe extensive expertise in asset valuation is a pre-requisite for any NBFC providing loans for pre-owned assets. We believe over the years, we have developed expertise in valuing pre-owned vehicles, which enables us to accurately determine a recoverable loan amount for commercial vehicle purchases. We believe a tested valuation technique for these assets is a crucial entry barrier for others seeking to enter the markets in which we operate. We believe that our loan recovery procedure is particularly well suited to our target market in the commercial vehicle financing industry, as reflected by our strong loan recovery ratios, and we believe that this knowledge and relationship- based recovery procedure is difficult to replicate in the short to medium term. Our Stage 3 assets as a percentage of Total Loan Assets, was 8.46% as of March 31, 2020 as compared to 8.42% as of March 31, 2019. Our Stage 3 Assets net of Stage 3 Provision as a percentage of Net Loan Assets, was 5.86% as of March 31, 2020 as compared to 5.84% as of March 31, 2019.

Experienced senior management team

As on the date hereof, our board of directors consists of eight directors with experience in the automotive and/or financial services sectors. We have an experienced management team, which is supported by a capable and motivated pool of employees. . Our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. Certain members of our senior management team have more than 20 years of experience with our Company. Further, we attempt to hire personnel with an intent to strengthen our credit appraisal and risk management systems, and to develop and implement our credit policies. We believe that the in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

OUR STRATEGIES

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

We intend to continue to strategically expand our operations in target markets that are large commercial vehicle hubs by establishing additional branches. We attempt to build long term relationships with our customers and look to address specific issues and local business requirements of potential customers in a particular region through our servicing efforts. We also intend to increase our operations in certain regions in India where we historically had relatively limited operations, such as in eastern and northern parts of India, and to further consolidate our position and operations in western and southern parts of India. We have also adopted a strategy of establishing our presence in rural centres with a view towards increasing our presence in the pre-owned commercial vehicle market and reaching out to a relatively newer customer segment in rural areas. We have had a presence in 844 rural centres as of March 31, 2020 and propose to continue to increase our presence in such rural centres across India. We also provide loans for new commercial vehicles, in addition to our policy of providing finance for vehicles which are between 5 to 12 years old with a view of expanding our reach and diversifying our portfolio.

As of March 31, 2020, we had agreements with 1,160 private financiers and we intend to continue to strategically expand our marketing and customer origination network by entering into revenue sharing agreements with private financiers across India involved in commercial vehicle financing. However, we endevour to ensure that the hypothecations granted in connection with these revenue sharing arrangements will remain solely in our favour.

Optimise funding costs

We believe that we can increase our profitability by optimising our funding costs. This would include use of new products available to us in the international capital markets, as well as ensuring that we favourably match our short-term and long term sources of funds with their deployment. We have a diversified source for funding which comprises capital market instruments, bank borrowings with a lender base of 56 banks and institutions, securitisation and retail borrowings. Our portfolio qualifies for the priority sector advances for scheduled commercial banks (as investors in our securitised loans), which helps reduce our borrowing costs. We have also focused on gradually increasing the proportion of retail borrowings to diversify our funding source through fixed deposit programme and regular public issue of non-convertible debentures. Our institutional debenture issuance has a varied investor base. We believe that our ability to diversify our resource profile will enable us to further optimise our funding cost.

Cross-sell our product portfolio

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

Continue to implement advanced processes and systems

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

OUR COMPANY'S FINANCIAL PRODUCTS

Commercial Vehicle Finance

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

We also provide loans for purchase of farm equipment and construction equipment.

Working Capital Loans

As part of our presence in the entire commercial vehicle financing ecosystem, we also provide various types of working capital loans to our customers for the purchase of vehicle parts, insurance, repairs, etc. in connection with the operation of their trucks and other commercial vehicles. We also offer financing for the acquisition of new and pre-owned vehicle equipment and accessories, such as tyres and other vehicle parts. We also offer fuel financing.

Miscellaneous

Our Company is also registered with the IRDAI as a corporate agent. Our Company deals in life insurance and general insurance products. Our Company has entered into agreements with Shriram General Insurance Company Limited ("**SGIC**") and Bajaj Allianz General Insurance Company Limited ("**BAGICL**") whereby the Company is appointed as their 'corporate agent' and is authorized to market and solicit insurance products provided by SGIC and BAGICL to its customers and clients subject to the limits prescribed and on the terms and conditions agreed to between the parties.

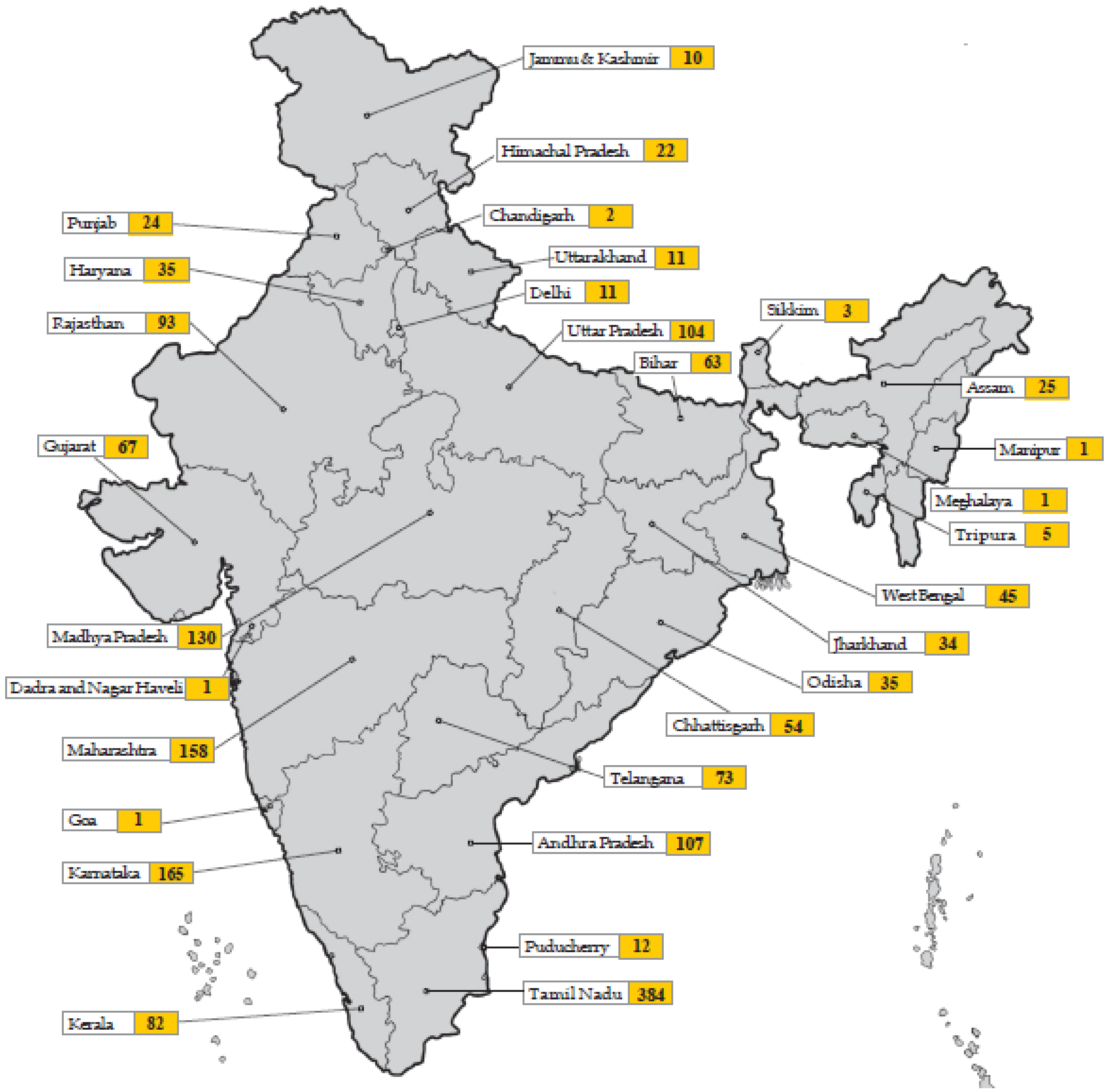
OUR COMPANY'S OPERATIONS

Customer Base

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

Branch Network

As of March 31, 2020, we have a wide network of 1,758 branches across India and 28,045 employees. We have established branches at commercial vehicle hubs along various road transportation routes across India. As of March 31, 2020, all of our branch offices were connected to servers at our Corporate Office to enable real-time information with respect to our loan disbursement and recovery administration. Our customer origination efforts strategically focus on building long term relationships with our customers and address specific issues and local business requirements of potential customers in a specific region. Please see below a map of our branches:



Revenue Sharing Agreements with Private Financiers

We believe that SRTOs and FTBs in India generally have limited banking habits and credit history as well as inadequate legal documentation for verification of creditworthiness. In addition, because of the mobile nature of the hypothecated assets, SRTOs and FTBs may have limited access to bank financing for pre-owned and new commercial vehicle financing. As a result, the pre-owned truck financing market in India is dominated by private financiers in the unorganised sector. We have strategically expanded our marketing and customer origination network by entering into revenue sharing agreements with 1,160 private financiers, as of March 31, 2020, located across India involved in commercial vehicle financing. We have established a stable relationship with our revenue sharing partners through our extensive branch network. As a result of the personnel-intensive requirements of our business model, we rely on revenue sharing arrangements to effectively leverage the local knowledge, infrastructure and personnel base of our revenue sharing partners.

In our typical revenue sharing agreements with our revenue sharing partners, we ensure that the revenue sharing partner sources the applications for pre-owned and new commercial vehicle financing based on certain assessment criteria we specify, and is generally responsible for ensuring the authenticity of the customer information and documentation. The decision to approve a loan is, however, at our discretion.

Other Marketing Initiatives

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

Branding/advertising

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

ASSET QUALITY

Our Company being an NBFC is covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and is required to comply with Ind AS for the preparation of their financial statements. Our Company records allowance for expected credit loss ("**ECL**") for all loans, other debt financial instruments not held at fair value through profit and loss account.

Impairment of Financial Assets

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the "**Lifetime ECL**"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on 12 months expected credit loss ("**12 month ECL**").

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of the financial instrument. The 12 month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both Lifetime ECL and the 12 month ECL are calculated on collective basis grouped based on its loan portfolio into business loans, secured loans for new vehicles, secured loans for used vehicles and secured loans for equipment finance loans.

The company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since its initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment at the borrower level. If a borrower has various facilities having different past dues status, then the highest days past due is considered to be applicable for all the facilities of that borrower. Based on the above principal, the company categorizes its loans into Stage 1, Stage 2 and Stage 3 as described below:

The Company classifies all standard advances up to 30 days default period under Stage 1 where there has not been a significant increase in credit risk since its initial recognition or low credit risk at the reporting date and that are not credit impaired upon origination. All the exposures where there has been a significant increase in credit risk since its initial recognition but are not credit impaired are classified under Stage 2. Thirty days past due is considered as a significant increase in credit risk. All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified as Stage 3. For exposure that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying effective interest rate to be amortized cost (net of provision) rather than the gross carrying amount.

RBI has by its notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, issued instructions and guidelines relate to specific prudential aspects of Ind AS implementation by NBFCs. As per the said notification, NBFCs shall hold impairment allowances as required by Ind AS. In parallel NBFCs shall also maintain the asset classification and compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning ("**IRACP**") including borrower/beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc. A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 should be disclosed by NBFCs/ARCs in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses.

Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI. The Company maintains Rs. 63,319.90 million towards ECL provisions as per Ind AS 109 as compared to provisioning amount of Rs. 55,231.20 million required under IRACP. Hence there is no requirement of creating "Impairment Reserve" as per the above guidelines.

Our Company has made ECL provision of Rs. 21,560.52 million and Rs. 9,280.84 million outstanding Stage 1 Assets and Stage 2 Assets respectively as of March 31, 2020.

The following table sets forth, data regarding our Stage 3 Assets and capital adequacy ratios as per our Standalone Financial Statements:

(Rs. in million)

	As on March 31, 2020	As on March 31, 2019
Stage 3 Assets	91,770.80	86,162.70
Stage 3 Asset net of Stage 3 Provision	59,911.30	56,465.30
Total Loan Assets as per Ind AS (gross of Provisions) (1)	1,085,017.10	1,023,074.90
Net Loan Assets as per Ind AS (Net of Provisions) (2)	1,022,316.30	967,514.90
Stage 3 Assets as a percentage of Total Loan Asset As per Ind AS (per cent.) (3)	8.46%	8.42%
Stage 3 Asset net of Stage 3 Provision as a percentage of Net Loan Assets as per Ind AS (per cent.) (4)	5.86%	5.84%
Tier I Capital Adequacy Ratio (per cent.)	18.13%	15.62%
Tier II Capital Adequacy Ratio (per cent.)	3.86%	4.65%

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

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

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

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

As per our Standalone Financial Statements, our Stage 3 Assets as a percentage of Total Loan Assets was 8.46% and our Stage 3 Assets net of Stage 3 Provision as a percentage of Net Loan Assets was 5.86% as of March 31, 2020, compared to 8.42% and 5.84% as of March 31, 2019, respectively. We believe that our eventual write offs are relatively low because of our relationship-based customer origination and customer support, prudent loan approval processes (including adequate collateral being obtained), and our ability to repossess and dispose of such collateral in a timely manner.

Other Business Initiatives

Our Company has entered into agreements with three petroleum retailers, wherein our Company has agreed to provide credit facilities to customers to enable them to purchase automotive fuels and lubricants from the retail outlets of these companies. In terms of these agreements, our Company conducts an assessment of the credibility of an applicant and sanctions credit limits, pursuant to which such members are eligible to purchase fuel and lubricants at retail outlets basis the credit limits sanctioned by our Company.

FUNDING SOURCES

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise term loans (including term loans from banks and financial institutions), cash credit from banks, redeemable non-convertible debentures, subordinated bonds, short-term commercial paper and inter-corporate deposits. Our Company also mobilises fixed deposits.

As per our Consolidated Financial Statements, as of March 31, 2020, we had an outstanding secured debt of Rs. 762,874.43 million and unsecured debt of Rs. 180,842.92 million, which were Rs. 674,224.26 million and Rs. 204,919.75 million as of March 31, 2019, respectively.

Borrowings

The following table sets forth the principal components of our secured borrowings, as per our Consolidated Financial Statements:

(Rs. in million except percentage)

Particulars	**As on March 31, 2020**		**As on March 31, 2019**	
	Amount	**Percentage**	**Amount**	**Percentage**
Senior secured notes	12,049.22	1.58	25,649.90	3.80
External commercial bond -Secured	1,26,070.12	16.53	27,699.57	4.11
Redeemable non-convertible debentures – Secured				
- Privately placed	1,42,041.42	18.62	1,91,273.30	28.37
- Public issue	57,967.79	7.60	57,708.47	8.56
Term loans Secured		-		
Term loan from banks - INR	1,32,592.66	17.38	1,18,313.80	17.55
Term loan from banks - FCNR	0	-	4,115.25	0.61
Term loan from financial institutions/corporates - INR	14,462.88	1.90	34,130.41	5.06
External commercial borrowing - FCNR	43,006.07	5.64	23,765.32	3.52
Term loan from banks - INR -Securitisation	2,14,520.36	28.12	1,77,385.25	26.31
Loans repayable on demand from Banks (Cash Credit from banks)	20,163.91	2.64	14,182.95	2.10
Total secured borrowings	**7,62,874.43**	**100**	**6,74,224.26**	**100**

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

As per our Consolidated Financial Statements, as of March 31, 2020, loans from banks, including cash credit, aggregated Rs. 410,283.00 million, as compared to Rs. 337,762.58 million as of March 31, 2019.

As per our Consolidated Financial Statements, as of March 31, 2020, the aggregate outstanding amount of secured redeemable non-convertible debentures was Rs. 200,009.21 million, as compared to Rs. 248,981.76 million as of March 31, 2019.

Our short-term fund requirements are primarily funded by cash credit from banks, including working capital loans. Cash credit from banks outstanding, as of March 31, 2020 was Rs. 20,163.91 million, while as of March 31, 2019, it was Rs. 14,182.95 million.

The following table sets forth the principal components of our unsecured borrowings as per our Consolidated Financial Statements,:

(Rs. in million except percentage)

Particulars	As of March 31, 2020		As of March 31, 2019	
	Amount	Percentage	Amount	Percentage
Redeemable non-convertible debentures - Unsecured				
- Privately placed	4,541.14	2.51	4,448.26	2.17
Deposits				
i. Public deposits	117,684.73	65.08	101,697.67	49.63
ii. From corporate	1,522.23	0.84	1,453.18	0.71
iii. From others (Inter-corporate deposits from associate)	394.19	0.22	263.82	0.13
Subordinated debt				
Subordinated debts (unsecured) - Debentures	51,379.97	28.41	52,430.94	25.58
Subordinated debts (unsecured) - Bonds	5,320.66	2.94	9,587.87	4.68
Commercial papers – Unsecured	-	-	35,038.01	17.10
Total unsecured borrowings	**180,842.92**	**100.00**	**204,919.75**	**100.00**

As per our Consolidated Financial Statements, as of March 31, 2020, our outstanding subordinated debt amounted to Rs. 56,700.63 million, which stood at Rs. 62,018.81 million as of March 31, 2019. The debt is subordinated to our present and future senior indebtedness. Based on the balance term to maturity, as of March 31, 2020 and March 31, 2019, Rs. 40,464.60 million and Rs. 46,881.67 million, respectively of the discounted book value of subordinated debt is considered as Tier II under the guidelines issued by the RBI for the purpose of capital adequacy computation.

Securitisation and Assignment of Portfolio against Financing Activities

We also undertake securitisation and assignment transactions to increase our capital adequacy ratio, increase the efficiency of our loan portfolio and as a cost-effective source of funds. We sell part of our assets under financing activities from time to time through securitisation and assignment transactions as well as direct assignment. Our securitisation and assignment transactions involve provision of additional collateral and deposits or bank/corporate guarantee. In Fiscal 2020, total book value of loan assets securitised and assigned was Rs. 165,811.25 million.

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

The following tables set forth certain information with respect to our securitisation and assignment transactions as per our Consolidated Financial Statements,:

(Rs. in million)

Particulars	As of March 31, 2020	As of March 31, 2019
Total number of loan assets securitised and assigned	5,190,87.00	5,117,87.00

Particulars	As of March 31, 2020	As of March 31, 2019
Total book value of loan assets securitised and assigned	165,811.25	151,230.58
Sale consideration received for securitised and assigned Assets	164,702.45	148,505.12
Gain on account of securitisation and assignment	21,245.12	16,937.22

We are required to provide credit enhancement for the securitisation and assignment transactions by way of either fixed deposits or corporate guarantees and the aggregate credit enhancement amount outstanding as of March 31, 2020 was Rs. 42,994.06 million. In the event a relevant bank or institution does not realise the receivables due under such loan assets, such bank or institution would have recourse to such credit enhancement.

CAPITAL ADEQUACY

We are subject to the capital adequacy ratio ("**CAR**") requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15.00%, as prescribed under the Master Directions on Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, based on our total capital to risk-weighted assets. All deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00% of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. We ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of March 31, 2020, our CAR computed on the basis of applicable RBI requirements was 21.99% compared to the minimum capital adequacy requirement of 15.00% stipulated by the RBI.

The following table sets out our capital adequacy ratios as on March 31, 2019 and March 31, 2020 on a standalone basis:

	As of March 31, 2020	As of March 31, 2019
Capital adequacy ratio (per cent.)	21.99	20.27
Tier I capital (per cent.)	18.13	15.62
Tier II capital (per cent.)	3.86	4.65

CREDIT RATING

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

Credit Rating Agency	Instrument	Ratings*
CRISIL	Bank Loan Long Term	CRISIL AA+/Negative
CRISIL	Bank Loan Short Term	CRISIL A1+
CRISIL	Non-Convertible Debentures	CRISIL AA+/Negative
CRISIL	Subordinate Debt	CRISIL AA+/Negative
CRISIL	Long-Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AA+r/Negative
CRISIL	Fixed Deposit Programme	FAAA/Negative
CRISIL	Commercial Paper	CRISIL A1+
India Ratings	Non-Convertible Debentures	IND AA+/RWN
India Ratings	Bank Loans	IND AA+/RWN/IND A1+
India Ratings	Subordinated Debt	IND AA+/RWN
India Ratings	Short-term debt/ commercial paper (CP) programme	IND A1+
India Ratings	Term deposit	IND tAA+/RWN
CARE	Non-Convertible Debentures	CARE AA+/Negative
CARE	Subordinated Debt	CARE AA+/Negative
CARE	Commercial Paper	CARE A1+
ICRA	Fixed Deposit	MAA+ with Stable

Credit Rating Agency	Instrument	Ratings*
S&P Global Ratings	Issuer Credit Rating	BB-/Watch Negative/B
S&P Global Ratings	Senior Secured Notes	BB-/Watch Negative
Fitch Ratings	Long-Term Issuer Default Rating	BB Rating Watch Negative
Fitch Ratings	Short-Term Issuer Default Rating	B
Fitch Ratings	Local Currency Long Term Issuer Default Rating	BB Rating Watch Negative
Fitch Ratings	Senior unsecured Long Term Rating	BB Rating Watch Negative
Fitch Ratings	Senior secured Long Term Rating	BB Rating Watch Negative

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

Competition

In our principal business line, the pre-owned commercial vehicle financing sector, we experience competition from private unorganised financiers that principally operate in the local market. These private operators have significant local market expertise, but lack brand image and organizational structure. For new commercial vehicle financing, we compete with more conventional lenders, such as banks and other NBFCs. Given the relatively minimal scale of our present operations in our other business lines, we do not directly compete with others in these segments. However, as our operations in our other business lines expand, we may face significant competition in these segments in future.

HISTORY AND CORPORATE STRUCTURE

Brief background of our Company

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

Registered office and change in registered office of our Company

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

Corporate Structure

Shriram Capital Limited is the Promoter of the Company. Our Company has no subsidiary company.

Main Objects of our Company

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

1. *To carry on and undertake business as Financiers and Capitalists, to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of vehicles, motor cars, motor buses, motor lorries, scooters and all other vehicles;*

2. *To undertake and carry on all operations and transactions in regard to business of any kind in the same way as an individual capitalist may lawfully undertake and carry out and in particular the financing Hire Purchase Contracts relating to vehicles of all kinds;*

3. *To carry on and undertake business as Financier and Capitalists to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of property, movable or immovable goods, chattels, lands, bullion;*

4. *To undertake and carry on all operations and transactions in regard to business of any kind in the same manner as an individual capitalist may lawfully undertake and carryout and in particular financing hire purchase contracts relating to property or assets of any description either immovable or movable such as houses, lands, stocks, shares, Government Bonds;*

5. *To carry on and become engaged in financial, monetary and other business transactions that are usually and commonly carried on by Commercial Financing Houses, Shroffs, Credit Corporations, Merchants, Factory, Trade and General Financiers and Capitalists;*

6. *To lend, with or without security, deposit or advance money, securities and property to, or with, such persons and on such terms as may seem expedient;*

7. *To purchase or otherwise acquire all forms of immovable and movable property including Machinery, Equipment, Motor Vehicles, Building, Cinema Houses, Animals and all consumer and Industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased, and leased be new and/or used;*

8. *To provide a leasing advisory counselling service to other entities and/or form the leasing arm for other entities;*

8.A. *The Company shall either singly or in association with other Bodies Corporate act as Asset Management Company/Manager/Fund Manager in respect of any Scheme of Mutual Fund whether Open-End Scheme or Closed-end Scheme, floated/ to be floated by any Trust/Mutual Fund (whether offshore or on shore)/ Company by providing management of Mutual Fund for both offshore and on shore Mutual Funds, Financial Services Consultancy, exchange of research and analysis on commercial basis;*

Constitute any trust and to subscribe and act as, and to undertake and carry on the office or offices and duties of trustees, custodian trustees, executors, administrators, liquidators, receivers, treasurers, attorneys, nominees and agents; and to manage the funds of all kinds of trusts and to render periodic advice on investments, finance, taxation and to invest these funds from time to time in various forms of investments including shares, term loans and debentures etc.;

Carry on and undertake the business of portfolio investment and Management, for both individuals as well as large Corporate Bodies and/or such other bodies as approved by the Government, in Equity Shares, Preference Shares, Stock, Debentures (both convertible and non-convertible), Company deposits, bonds, units, loans obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities and/or any other Financial Instruments, and to provide a package of Investment/Merchant Banking Services by acting as Managers to Public Issue of securities, to act as underwriters, issue house and to carry on the business of Registrars to Public issue/various investment schemes and to act as Brokers to Public Issue;

Without prejudice to the generality of the foregoing to acquire any share, stocks, debentures, debenture-stock, bonds, units of any Mutual Fund Scheme or any other statutory body including Unit Trust of India, obligations or securities by original subscription, and/or through markets both primary, secondary or otherwise participating in syndicates, tender, purchase, (through any stock exchange, OTC exchange or privately), exchange or otherwise and to subscribe for the same whether or not fully paid up, either conditionally or otherwise, to guarantee the subscription thereof and to exercise and to enforce all rights and powers conferred by or incidental to the ownership thereof and to advance deposit or lend money against securities and properties to or with any company, body corporate, firms, person or association or without security and on such terms as may be determined from time to time;

To engage in Merchant Banking activities, Venture Capital, acquisitions, amalgamations and all related merchant banking activities including loan syndication;

9. *To carry on the business as manufacturers, Exporters, Importers, Contractors, Sub-contractors, Sellers, Buyers, Lessors or Lessees and Agents for Wind Electric Generators and turbines, Hydro turbines, Thermal Turbines, Solar modules and components and parts including Rotor blades, Braking systems, Tower, Nacelle, Control unit, Generators, etc. and to set up Wind Farms for the company and/or for others either singly or jointly and also to generate, acquire by purchase in bulk, accumulate, sell, distribute and supply electricity and other power (subject to and in accordance with the laws in force from time to time);*

10. *To carry on business of an investment company or an Investment Trust Company, to undertake and transact trust and agency investment, financial business, financiers and for that purpose to lend or invest money and negotiate loans in any form or manner, to draw, accept, endorse, discount, buy, sell and deal in bills of exchange, hundies, promissory notes and other negotiable instruments and securities and also to issue on commission, to subscribe for, underwrite, take, acquire and hold, sell and exchange and deal in shares, stocks, bonds or debentures or securities of any Government or Public Authority or Company, gold and silver and bullion and to form, promote and subsidise and assist companies, syndicates and partnership to promote and finance industrial enterprises and also to give any guarantees for payment of money or performance of any obligation or undertaking, to give advances, loans and subscribe to the capital of industrial undertakings and to undertake any business transaction or operation commonly carried on or undertaken by capitalists, promoters, financiers and underwriters;*

11. *To act as investors, guarantors, underwriters and financiers with the object of financing Industrial Enterprises, to lend or deal with the money either with or without interest or security including in current or deposit account with any bank or banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to receive money on deposit or loan upon such terms and conditions as our Company may approve provided that our Company shall not do any banking business as defined under the Banking Regulations Act, 1949;*

12. *To carry on in India or elsewhere the business of consultancy services in various fields, such as, general, administrative, commercial, financial, legal, economic, labour and industrial relations, public relations, statistical, accountancy, taxation and other allied services, promoting, enhancing propagating the activity of investment in securities, tendering necessary services related thereto, advising the potential investors on investment activities, acting as brokers, sub-brokers, Investment Consultant and to act as marketing agents, general agents, sub agents for individuals/ bodies corporate/Institutions for marketing of shares, securities, stocks, bonds, fully convertible debentures, partly convertible debentures, non-convertible debentures, debenture stocks, warrants, certificates, premium notes, mortgages, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, general insurance products, life insurance products and other similar instruments whether issued by government, semi government, local authorities, public sector undertakings, companies corporations, co-operative societies, and other similar organizations at national and international levels;*

13. *To carry on the business of buying, selling of trucks and other commercial vehicles and reconditioning, repairing, remodeling, redesigning of the vehicles and also acting as dealer for the said vehicles, for all the second hand commercial and other vehicles and to carry on the business of buying, selling, importing, exporting, distributing, assembling, repairing and dealing in all types of vehicles including re-conditioned and re-manufactured automobiles, two and three wheelers, tractors, trucks and other vehicles and automobile spares, replacement parts, accessories, tools, implements, tyres and tubes, auto lamps, bulbs, tail light and head light bulbs, assemblies and all other spare parts and accessories as may be required in the automobile industry.*

Major events of our Company

Financial Year	Particulars
2015	• Our Company successfully completed Rs. 1,975 crores of public issue of debentures.
2016	• Fitch Ratings upgraded the Company's long-term issuer ratings to 'IND AA+' from 'IND AA'. • CRISIL upgraded our Company's long-term debt instruments and bank facilities, and fixed deposits to 'CRISIL AA+/FAAA/Stable' from 'CRISIL AA/FAA+/Positive'. • Merger of SEFCL with our Company.
2017	• Our Company successfully raised Rs. 1,350 crores through issuance of 'Masala Bonds – Senior Secured (Rupee Denominated Bonds)' listed on Singapore Stock Exchange.
2018	• Our Company successfully raised Rs. 1,160 crores through issuance of 'Masala Bonds – Senior Secured (Rupee Denominated Bonds)' listed on Singapore Stock Exchange. • Our Company sold the controlling stake (55.44%) in its then wholly owned subsidiary, Shriram Automall India Limited to MXC Solutions India Private Limited.
2019	• Our Company successfully raised US $ 400 million senior secured notes through medium term note programme during the year • Our Company successfully raised US $ 750 million under USD 2 billion medium term note programme through Reg S & Rule 144A. • AUM crosses Rs. 10,00,000 million.
2020	• Our Company successfully raised US $ 500 million senior secured notes under USD 3 billion global medium term note programme (social bonds) through Reg S & Rule 144A.

OUR MANAGEMENT

Board of Directors

As of the date of this Letter of Offer, our Company has eight Directors, comprising four Independent Directors (including one woman Independent Director), three Non-Executive, Non-Independent Directors and one Executive Director.

The following table sets forth details regarding our Board as of the date of filing this Letter of Offer:

Sr. No	Name, Designation, Term, Period of Directorship, DIN, Occupation, Date of Birth and Address	Age (in years)	Other Directorships
1.	**Lakshminarayanan Subramanian** **Designation**: Chairman, Non-Executive and Independent Director **Term**: For a period of five years with effect from January 24, 2020 **Period of Directorship**: Director since September 22, 2009 **DIN**: 02808698 **Occupation**: Retired Civil Servant (former Secretary to GOI, Ministry of Home Affairs) and currently working with private companies as advisor/consultant **Date of Birth**: July 10, 1946 **Address:** 33, Paschimi Marg, First Floor, Vasant Vihar, New Delhi – 110 057	73	1. Indofil Industries Limited; 2. ELCOM Systems Private Limited; 3. Shriram Life Insurance Company Limited; 4. ELCOM Innovations Private Limited and 5. Shriram Automall India Limited.
2.	**Umesh Govind Revankar** **Designation**: Managing Director and Chief Executive Officer **Term**: For a period of five years with effect from October 26, 2019. **Period of Directorship:** Director since October 25, 2016 **DIN**: 00141189 **Occupation**: Service **Date of Birth**: October 27, 1964 **Address:** 1001, Simran CHS Ltd., Plot no. 9, 15th Road, Khar (West), Near Gabana HDFC Bank, Mumbai - 400052	55	1. Shriram Automall India Limited; 2. Shriram Capital Limited; 3. Shriram Credit Company Limited; 4. Shriram General Insurance Company Limited; 5. Shriram Life Insurance Company Limited; 6. Shriram Seva Sankalp Foundation; and 7. Finance Industry Development Council.
3.	**Puneet Bhatia**	53	1. Havells India Limited; 2. Jana Capital Limited;

Sr. No	Name, Designation, Term, Period of Directorship, DIN, Occupation, Date of Birth and Address	Age (in years)	Other Directorships
	Designation: Non-Executive, Non-Independent Director **Term**: Liable to retire by rotation **Period of Directorship:** Director since October 26, 2006 **DIN**: 00143973 **Occupation**: Managing Director and Country head of TPG Capital India Private Limited **Date of Birth**: December 16, 1966 **Address:** 525 A Magnolias, DLF Golf Course, DLF Phase 5, Gurgaon, Haryana - 122009		3. Jana Small Finance Bank Limited; 4. TPG Capital India Private Limited; 5. Flare Estate Private Limited; 6. Campus Activewear Private Limited; 7. Manipal Health Enterprises Private Limited; 8. Shriram Capital Limited; 9. R R Kabel Limited; 10. Sai Life Sciences Limited; and 11. Ram Ratna Electricals Limited
4.	**Kishori Udeshi** **Designation**: Non-Executive, Independent Director **Term**: For a period of five years with effect from April 1, 2019 **Period of Directorship:** Director since October 30, 2012 **DIN**: 01344073 **Occupation**: Retired RBI Deputy Governor **Date of Birth**: October 13, 1943 **Address:** 15, Sumit Apartment, 31, Carmichael Road, Mumbai – 400026	76	1. Elantas Beck India Limited; 2. Kalyan Jewellers India Limited; 3. Shriram Automall India Limited; 4. SOTC Travel Limited; 5. ION Exchange (India) Limited; 6. Haldyn Glass Limited.; and 7. Thomas Cook (India) Limited
5.	**Sridhar Srinivasan** **Designation**: Non-Executive, Independent Director **Term**: For a period of five years with effect from October 20, 2019. **Period of Directorship:** Director since October 20, 2014 **DIN**: 00004272 **Occupation**: Management Consultant **Date of Birth**: May 9, 1951	69	1. Jubilant Life Sciences Limited; 2. Strides Pharma Science Limited; 3. DCB Bank Limited; 4. Sewa Grih Rin Limited; 5. IIFL Home Finance Limited; 6. Strategic Research and Information Capital Services Private Limited; 7. Evyavan Capital Advisors Limited; 8. Evyavan Capital Limited 9. GVFL Trustee Company Private Limited; 10. Universal Trustees Private Limited; and 11. Essfore Consultancy Services Private Limited.

Sr. No	Name, Designation, Term, Period of Directorship, DIN, Occupation, Date of Birth and Address	Age (in years)	Other Directorships
	Address: D-905, Ashok Towers, Dr. S. S. Rao Road, Parel, Mumbai - 400012		
6.	**Ravi Devaki Venkataraman** **Designation**: Non-Executive, Non-Independent Director **Term**: Liable to retire by Rotation **Period of Directorship:** Director since June 18, 2015 **DIN**: 00171603 **Occupation**: Managing Director **Date of Birth**: September 5, 1964 **Address:** B3E, Regal Palm Gardens, CEE DEE YES Apartments, Velachery Tambaram Road, Velachery, Chennai- 600 042	55	1. Shriram Properties Holdings Private Limited; 2. Shriram Capital Limited; 3. Shriram Credit Company Limited; 4. Envestor Ventures Limited; 5. Shriram Financial Ventures (Chennai) Private Limited; 6. Shrilekha Business Consultancy Private Limited; 7. Shriram Seva Sankalp Foundation; 8. Take Sports Management Private Limited; 9. Eywa Pharma Pte Limited; and 10. DRP Consultants Private Limited
7.	**Pradeep Kumar Panja** **Designation:** Non-Executive, Independent Director **Term:** For a period of five years with effect from October 25, 2018. **Period of Directorship:** Director since October 25, 2018 **DIN:** 03614568 **Occupation**: Retired SBI Managing Director **Date of Birth**: October 2, 1955 **Address:** Bhaskara 21, I Main Road, 4th Cross, Gaurav Nagar, JP Nagar 7th Phase Bangalore 560 078	64	1. Omax Autos Limited; 2. TVS Capital Funds Private Limited; 3. Trigyn Technologies Limited; 4. Brigade Enterprises Limited; 5. Penna Cement Industries Limited; 6. Acme Solar Holdings Limited; 7. Svamaan Financial Services Private Limited; 8. Indiabulls Asset Reconstruction Company Limited; and 9. Brigade Properties Private Limited;
8.	**Ignatius Michael Viljoen** **Designation**: Non-Executive, Non-Independent Director **Term**: Liable to retire by rotation **Period of Directorship:** Director since May 14, 2019 **DIN**: 08452443 **Occupation**: Head of Credit at Sanlam Emerging Markets Portfolio Management	47	1. Shriram City Union Finance Limited; 2. Sanlam Credit Fund Advisor (Pty) Limited; 3. African Life Holdings Limited; 4. African Life Financial Services Zambia Limited; 5. Aflife Properties Limited; and 6. Letshego Holdings Limited

Sr. No	Name, Designation, Term, Period of Directorship, DIN, Occupation, Date of Birth and Address	Age (in years)	Other Directorships
	Date of Birth: January 14, 1973 **Address:** 419, Highland Road, Kensington, Johannesburg, 2094, South Africa		

Relationship between Directors

None of the Directors are related to one another.

Certain Confirmations

1. None of the Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such company.

2. None of the Directors is or was a director of any listed company which has been or was delisted from BSE or NSE during the term of their directorship in such company in the past ten years.

3. None of our Directors are or have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

4. None of our Directors have been declared as fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

Service Contracts with the Directors for Benefits upon Termination

No service contracts have been entered into by the Directors with our Company providing for benefits upon termination of employment.

Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others in Respect of Selection of Directors

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a Director as of the date of this Letter of Offer.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

[The remainder of this page has been intentionally left blank]

Haribhakti & Co. LLP
Chartered Accountants
701, Leela Business Park,
Andheri Kurla Road,
Andheri (East),
Mumbai - 400 059

Pijush Gupta & Co.
Chartered Accountants
GF - 17 Augusta Point,
Golf Course Road,
Sector - 53
Gurugram - 122002

INDEPENDENT AUDITOR'S REPORT

To the Members of
Shriram Transport Finance Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Shriram Transport Finance Company Limited (hereinafter referred to as "the Holding Company")and its associate comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements and on the other financial information of the associate the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the consolidated state of affairs of the Holding Company and its Associate as at March 31, 2020, their consolidated profit (including other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Holding Company and its Associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment Loss Allowance of loans and advances

Impairment loss allowance of loans and advances ("Impairment loss allowance") is a Key Audit Matter as the Company has significant credit risk exposure considering the large loan portfolio across a wide geographical range. The value of loans and advances on the balance sheet is significant and there is a high degree of complexity and judgment involved in estimating individual and collective credit impairment provisions, write-offs against these loans and to additionally determine the potential impact of unprecedented COVID 19 pandemic on asset quality and provision of the Company. The Company's model to calculate expected credit loss ("ECL") is inherently complex and judgment is applied in determining the correct construction of the three-stage impairment model ("ECL Model") including the selection and input of forward looking information. ECL provision calculation require the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modeled impairment provisions. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.

Audit Procedures included but were not limited to the following:

We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company.

We also assessed whether the impairment methodology used by the Company is in accordance with the assumptions and methodology approved by the Board of Directors of the Company which is based on and in compliance with Ind AS 109 "Financial Instruments". Particularly we assessed the approach of the Company regarding definition of Default, Probability of Default, Loss Given Default and incorporation of forward-looking information for the calculation of ECL.

For loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures:

- We tested the reliability of key data inputs and related management controls;
- We checked the stage classification as at the balance sheet date as per the definition of Default of the Company;
- We validated the ECL Model and its calculation by involving our Information Technology Expert;
- We have also calculated the ECL provision manually for selected samples; and
- We have assessed the assumptions made by the Company in making accelerated provision considering forward looking information and based on an event in a particular geographical range.
- We have reviewed the process of the Company to grant moratorium to the borrowers as per the Regulatory Package announced by the Reserve Bank of India (RBI). Further, we have relied on the assumption of the management that there will be no significant increase in the credit risk in the cases where moratorium is given and that the staging based on the days past due (DPD) will be considered as per the RBI COVID-19 Regulatory Package. We have tested on samples basis the DPD freeze for cases where moratorium is provided and not provided in accordance with RBI COVID-19 Regulatory Package;

- With respect to additional provision made by the Company on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company and.

- We have checked the provision on Loan Assets as per IRACP norms as required under RBI circular dated March 13, 2020. We have checked the DPD and provision in accordance with the RBI regulations in that regard further considering the Regulatory Packages issued by RBI dated March 27, 2020and May 23, 2020 and RBI circular dated April 17, 2020.

For loans and advances which are written off during the year under audit, we read and understood the methodology and policy laid down and implemented by the Company in this regards along with its compliance on sample basis

Emphasis of Matter

We draw attention to Note 62 to the consolidated financial statements which describes the classification of accounts as on March 31, 2020 with respect to the accounts which were overdue but standard as on February 29, 2020 and to whom moratorium benefit has been granted. The staging of those accounts under Ind AS as on March 31, 2020 is based on the days past due status as on February 29, 2020 in accordance with the Reserve Bank of India COVID-19 regulatory package. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Management Discussion & Analysis, Director's Report and Corporate Governance Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

HARIBHAKTI & CO. LLP MUMBAI

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Holding Company and its Associate in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Holding Company and its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and its Associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Holding Company and its Associate are responsible for assessing the ability of the Holding Company and its Associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding Company and its Associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Holding Company and its Associate are responsible for overseeing the financial reporting process of the Holding Company and its Associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its Associate, which is a company incorporated in India have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and its Associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company and its Associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Holding Company and its Associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) The consolidated financial statements include Holding Company's share of net profit (including other comprehensive income) of Rs. 10.68 Crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of an Associate whose financial statements has not been audited by us. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the Associate, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid Associate, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the associate, as noted in the Other Matters section above we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its associate company incorporated in India, none of the directors of the Holding Company and its Associate, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its Associate, which is incorporated in Indiaand the operating effectiveness of such controls, we refer our separate report in "Annexure";

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us by the Holding Company and the report of the statutory auditor of its Associate incorporated in India, the remuneration paid/ provided by the Holding Company and its Associate to its directors during the year is in accordance with the provisions of section 197 of the Act;

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its Associate - Refer Note 49 to the consolidated financial statements;

(ii) The Holding Company and its Associate has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 10 to the consolidated financial statements.

HARIBHAKTI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.:103523W/W100048

Sumant Sakhardande

Partner

Membership Number: 034828

UDIN: 20034828AAAACM2363

Place: Mumbai

Date: June 10, 2020

For Pijush Gupta & Co.

Chartered Accountants

ICAI Firm Registration No.: 309015E

Sangeeta Gupta

Partner

Membership Number: 064225

UDIN:20064225AAAAAY4934

Place: Gurugram

Date: June 10, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph f under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Shriram Transport Finance Company Limited on the consolidated financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Shriram Transport Finance Company Limited ("Holding Company") as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its Associate, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Associate, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of Holding Company and its Associate, which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of Holding Company and its Associate.

HARIBHAKTI & CO. LLP MUMBAI

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditor as mentioned in Other Matters paragraph below, the Holding Company and its Associate, which is a company incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

HARIBHAKTI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANT

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to one Associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 103523W / W100048

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAACM2363
Place: Mumbai
Date: June 10, 2020

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No.: 309015E

Sangeeta Gupta
Partner
Membership Number: 064225
UDIN: 20064225AAAAAY4934
Place: Gurugram
Date: June 10, 2020

Shriram Transport Finance Company Limited
Consolidated Balance Sheet as at March 31, 2020

(Rs. in crores)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Financial assets			
Cash and cash equivalents	8	3,088.99	1,029.14
Bank balance other than above	9	4,225.93	2,952.33
Derivative financial instruments	10	758.73	21.72
Receivables	11		
(I) Trade receivables		10.50	8.48
(II) Other receivables		5.64	19.94
Loans	12	102,231.63	96,751.49
Investments	13	2,935.63	4,125.54
Other financial assets	14	45.15	36.88
2 Non-financial Assets			
Current tax assets (net)	15	249.10	106.58
Deferred tax assets (net)	43	62.50	75.70
Investment property	16	2.03	2.06
Property, plant and equipment	17	149.88	143.46
Right-of-use assets	18	327.84	-
Other intangible assets	19	2.67	1.97
Other non-financial assets	20	169.57	143.66
Total assets		**114,265.79**	**105,418.95**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Derivative financial instruments	10	-	83.42
Payables			
(I) Trade payables	21		
(i) total outstanding dues of micro enterprises and small enterprises		0.40	-
(ii) total outstanding dues of creditors other than micro enterprises and small		143.44	133.46
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.13	2.72
Debt securities	22	34,266.96	34,181.76
Borrowings (other than debt securities)	23	42,474.60	37,189.30
Deposits	24	11,960.12	10,341.46
Subordinated liabilities	25	5,670.07	6,201.88
Other financial liabilities	26	912.32	1,016.48
Lease Liabilities	18	362.81	-
2 Non-financial liabilities			
Current tax liabilities (net)	27	102.02	102.97
Provisions	28	146.33	133.26
Other non-financial liabilities	29	83.28	69.49
Total liabilities		**96,123.48**	**89,456.20**
3 Equity			
Equity share capital	30	226.88	226.90
Other equity	31	17,915.43	15,735.85
Total equity		**18,142.31**	**15,962.75**
Total liabilities and equity		**114,265.79**	**105,418.95**

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in crores)

	Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
	Revenue from operations			
	(i) Interest income	32	16,267.46	15,335.69
	(ii) Dividend income		0.19	4.99
	(iii) Rental income		0.22	0.22
	(iv) Fee and commission income	33	194.97	126.60
	(v) Net gain on fair value changes	34	-	-
	(vi) Other operating income	35	99.52	61.65
(I)	**Total Revenue from operations**		**16,562.36**	**15,529.15**
(II)	Other Income	36	20.27	27.51
(III)	**Total Income (I + II)**		**16,582.63**	**15,556.66**
	Expenses			
	(i) Finance cost	37	8,270.26	7,511.26
	(ii) Fee and commission expense	38	56.88	62.19
	(iii) Net loss on fair value changes	34	6.75	2.58
	(iv) Impairment of financial instruments	39	2,794.88	2,382.26
	(v) Employee benefits expenses	40	1,010.82	883.06
	(vi) Depreciation, amortisation and impairment	41	141.05	42.97
	(vii) Other expenses	42	863.32	894.07
(IV)	**Total Expenses**		**13,143.96**	**11,778.39**
(V)	**Profit before exceptional items and tax (III - IV)**		**3,438.67**	**3,778.27**
(VI)	**Exceptional items**		-	-
(VII)	**Profit before tax (V+ VI)**		**3,438.67**	**3,778.27**
(VIII)	**Tax Expense:**			
	(1) Current tax	43	921.20	1,346.37
	(2) Deferred tax	43	14.79	(22.27)
	(3) Tax adjustment for earlier years		0.84	(109.82)
(IX)	**Profit for the year from continuing operations (VII-VIII)**		**2,501.84**	**2,563.99**
(X)	**Share of profit of associate**		10.43	11.69
(XI)	**Profit for the year (IX + X)**		**2,512.27**	**2,575.68**
(XII)	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan		(6.33)	(3.56)
	Share of other comprehensive income from associates		0.34	(0.14)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1.59	1.24
	Tax on share of other comprehensive income from associates		(0.09)	0.04
	Subtotal (A)		**(4.49)**	**(2.42)**
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		-	-
	Other Comprehensive Income (A + B)		(4.49)	**(2.42)**
(XIII)	**Total Comprehensive Income for the year (XI + XII)**		**2,507.78**	**2,573.26**
(XIV)	**Earnings per equity share**			
	Basic (Rs.)	44	110.73	113.52
	Diluted (Rs.)	44	110.73	113.52

See accompanying notes forming part of the consolidated financial statements.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share capital

Particulars	Number of shares	(Rs. in crores)
As at March 31, 2018	**226,882,736**	**226.90**
Changes in Equity share capital during the year	-	-
As at March 31, 2019	**226,882,736**	**226.90**
Changes in Equity share capital during the year	-	(0.02)
As at March 31, 2020	**226,882,736**	**226.88**

B. Other Equity (Rs. in crores)

Particulars	Reserves and Surplus							Other comprehensive income- retirement benefits	Total
	Statutory reserve	Capital reserve	Securities premium account	Debenture redemption reserve	Capital redemption reserve	General reserve	Retained earnings		
Balance as at April 01, 2018	**2,654.55**	**27.62**	**1,754.81**	**216.59**	**53.88**	**1,813.91**	**6,944.52**	**(2.41)**	**13,463.47**
Profit for the year	-	-	-	-	-	-	2,575.68	-	**2,575.68**
Other comprehensive income for the year	-	-	-	-	-	-	-	(2.42)	**(2.42)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,575.68**	**(2.42)**	**2,573.26**
Transferred to/(from)	514.00	-	-	158.03	-	350.44	(1,022.47)	-	-
Dividends (Interim and final)	-	-	-	-	-	-	(249.58)	-	**(249.58)**
Tax on dividend (Interim and final)	-	-	-	-	-	-	(51.30)	-	**(51.30)**
Balance as at March 31, 2019	**3,168.55**	**27.62**	**1,754.81**	**374.62**	**53.88**	**2,164.35**	**8,196.85**	**(4.83)**	**15,735.85**

Shriram Transport Finance Company Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2020

(Rs. in crores)

Particulars	Reserves and Surplus							Other comprehensive income- retirement benefits	Total
	Statutory reserve	Capital reserve	Securities premium account	Debenture redemption reserve	Capital redemption reserve	General reserve	Retained earnings		
Balance as at April 01, 2019	**3,168.55**	**27.62**	**1,754.81**	**374.62**	**53.88**	**2,164.35**	**8,196.85**	**(4.83)**	**15,735.85**
Profit for the year	-	-	-	-	-	-	2,512.27	-	**2,512.27**
Other comprehensive income for the year	-	-	-	-	-	-	-	(4.49)	**(4.49)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,512.27**	**(4.49)**	**2,507.78**
Transferred to/(from)	500.38	-	-	235.79	-	250.19	(986.36)		**-**
Transfer from share forfeiture account	-	0.02	-	-	-	-	-	-	**0.02**
Dividends (Interim and final)	-	-	-	-	-	-	(272.26)	-	**(272.26)**
Tax on dividend (Interim and final)	-	-	-	-	-	-	(55.96)	-	**(55.96)**
Balance as at March 31, 2020	**3,668.93**	**27.64**	**1,754.81**	**610.41**	**53.88**	**2,414.54**	**9,394.54**	**(9.32)**	**17,915.43**

See accompanying notes forming part of the consolidated financial statements.
As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO

Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary

Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Consolidated Cash Flow Statement for the year ended March 31, 2020

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from Operating activities		
Profit before tax	3,438.67	3,778.27
Depreciation, amortisation and impairment	141.05	42.97
Interest on income tax refund	(5.80)	(6.66)
Loss on sale of investments	0.12	-
Loss/(profit) on sale of fixed assets (net)	(1.17)	0.51
Impairment on loans	2,748.87	2,450.51
Impairment on investments	42.22	(0.06)
Impairment on undrawn loan commitment	4.39	6.71
Impairment on other assets	(0.60)	(74.90)
Net (gain)/loss on fair value changes on investment	0.87	(0.52)
Net (gain)/loss on fair value changes on derivatives	5.88	3.10
Operating profit before working capital changes	**6,374.50**	**6,199.93**
Movements in Working capital:		
Decrease/(increase) in loans	(8,229.03)	(8,456.35)
(Increase)/decrease in investments	1,157.38	(1,657.13)
Decrease/(increase) in receivables	12.28	(10.98)
Decrease/(increase) in bank deposits	(1,273.60)	(368.49)
Decrease/(increase) in other financial assets	(7.67)	75.49
Decrease/(increase) in other non-financial assets	(28.09)	(3.43)
Increase/(decrease) in payables	10.38	(86.31)
Increase/(decrease) in other financial liabilities	(104.04)	126.22
Increase/(decrease) in non-financial liabilities	13.79	(3.83)
Increase/(decrease) other provision	7.69	2.31
Cash generated from operations	**(2,066.41)**	**(4,182.57)**
Direct taxes paid (net of refunds)	(1,065.03)	(1,352.41)
Net cash flows from/(used in) operating activities (A)	**(3,131.44)**	**(5,534.98)**
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(57.80)	(77.97)
Proceeds from sale of property, plant and equipment and intangible assets	2.60	1.83
Net cash flows from/(used in) investing activities (B)	**(55.20)**	**(76.14)**
C. Cash flow from Financing activities		
Derivatives	(826.31)	64.46
Amounts received from deposits (including ICDs)	4,433.61	5,006.10
Repayments of deposit	(2,940.82)	(3,315.19)
Amounts received from debt securities	13,085.18	9,057.53
Repayments of debt securities	(9,557.89)	(6,562.70)
Amounts received from subordinated debts	-	2,360.00
Repayments of subordinated debts	(449.01)	(864.56)
Amounts received from borrowings other than debt securities	42,569.54	56,824.89
Repayments of borrowings other than debt securities	(40,683.27)	(56,722.52)
Payment of Lease Liabilities	(56.20)	-
Dividend paid	(272.38)	(247.16)
Tax on dividend	(55.96)	(51.30)
Net cash flows from financing activities (C)	**5,246.49**	**5,549.55**
Net increase in cash and cash equivalents (A+B+C)	2,059.85	(61.57)
Cash and cash equivalents at the beginning of the year	1,029.14	1,090.71
Cash and cash equivalents at the end of the year	**3,088.99**	**1,029.14**

Net cash provided by (used in) operating activities includes		
Interest received on loans	14,487.74	14,842.91
Interest paid	(5,923.07)	(5,813.03)
Dividend received	0.19	4.99

Shriram Transport Finance Company Limited
Consolidated Cash Flow Statement for the year ended March 31, 2020

Components of cash and cash equivalents **(Rs. in crores)**

Cash and cash equivalents at the end of the year	As at March 31, 2020	As at March 31, 2019
i) Cash on hand	41.24	123.47
ii) Cheques on hand	2.38	18.18
iii) Balances with banks (of the nature of cash and cash equivalents)	1,810.59	761.67
iv) Bank deposit with original maturity less than three months	1,234.78	125.82
Total	**3,088.99**	**1,029.14**

See accompanying notes forming part of the consolidated financial statements.
As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

1. Basis of preparation

The Consolidated financial statements relates to M/s. Shriram Transport Finance Company Limited (the " Company") and its associate. The Consolidated financial statements of the Company and its associate have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The Consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 7- Significant accounting judgements, estimates and assumptions.

The Consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore, except when otherwise indicated.

2. Basis of consolidation

(i) The financial statements of the associate company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2020 and are prepared based on the accounting policies consistent with those used by the Company.

(ii) The financial statements of the Company and its associate have been prepared in accordance with the Ind AS 110- 'Consolidated Financial Statements' as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

(iii) The consolidated financial statements have been prepared on the following basis:

a) Investment made by the Company in an associate company is accounted under the equity method, in accordance with the Indian Accounting Standard 28 on 'Investments in Associates and Joint Ventures'.

b) The policies of the associate company are consistent with those of the Company.

(iv) The associate company considered in the consolidated financial statements are as below (refer note 45):

Name of the associate company	Country of incorporation	Share of ownership interest as at March 31, 2020	Share of ownership interest as at March 31, 2019
Shriram Automall India Limited (SAMIL)	India	44.56%	44.56%

3. Presentation of financial statement

The Consolidated financial statements of the Company and its associate are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs

(MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and its associate and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

4. Statement of compliance

These Consolidated financial statements of the Company and its associate have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

Except for the changes below, the Company and its associate has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. Refer note 6.3(iii) for the Company's policy on leases.

5. New Accounting Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

6. Significant accounting policies

6.1 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the cashflows of the financial assets and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

- The expected frequency, value and timing of sales are also important aspects of the Company’s assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test
As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.
‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments
These financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets.
Debt instruments are measured at amortised cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments
Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date, the Company does not have any financial instruments measured at fair value through other comprehensive income.

Equity instruments
Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which Ind AS 103 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 *Financial Instruments*: *Presentation.* Such classification is determined on an instrument-by-instrument basis. As at reporting date, there are no equity instruments measured at FVOCI.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iv) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:
• Investments (including equity shares) held for trading;
• Items specifically designated as fair value through profit or loss on initial recognition; and
• debt instruments with contractual terms that do not represent solely payments of principal and interest. As at the reporting date, the Company does not have any financial instruments measured at fair value through profit or loss.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading
A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments designated as measured at fair value through profit or loss
Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis. As at the reporting date, the Company does not have any financial instruments designated as measured at fair value through profit or loss.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Company has not designated any financial instruments as measured at fair value through profit or loss.

(v) Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.
- The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives are included in net gain on fair value changes.

(vi) Embedded Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(viii) Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

- The premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.

(ix) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2018-19 and until the year ended March 31, 2020.

(x) Recognition and Derecognition of financial assets and liabilities

Recognition:

a) Loans and Advances are initially recognised when the funds are transferred to the customers' account or delivery of assets by the dealer, whichever is earlier.
b) Investments are initially recognised on the settlement date.
c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Derecognition of financial assets due to substantial modification of terms and conditions:

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

i. The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

ii. The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

iii. The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

i. The Company has transferred substantially all the risks and rewards of the asset, or

ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss. As at the reporting date, the Company does not have any financial liabilities which have been derecognised.

(xi) Impairment of financial assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss .

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Business Loans, Secured loans for new vehicles, Secured loans for used vehicles and Equipment Finance Loans

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for e.g.. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Credit-impaired financial assets:

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) The disappearance of an active market for a security because of financial difficulties.

ECL on Investment in Government securities:

The Company has invested in Government of India loans. Investment in Government securities are classified under stage 1. No ECL has been applied on these investments as there is no history of delay in servicing of interest/repayments. The Company does not expect any delay in interest/redemption servicing in future.

Simplified approach for trade/other receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/other receivables that do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates. For trade receivables that contain a significant financing component a general approach is followed.

Financial guarantee contracts

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs by applying a credit conversion factor.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date, the Company does not have any debt instruments measured at fair value through OCI.

The mechanics of ECL:

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 53.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 53

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 53.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably. Refer note 62 for impact of COVID and macro-economic factors on PD and LGD estimation.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

(xii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

(xiii) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 6.1(iii) to 6.1(vi)) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

6.2 Revenue from operations

(i) Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

Interest spread under par structure of direct assignment of loan receivables is recognised upfront. On derecognition of the loan receivables in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised upfront in the statement of profit or loss.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established,
b. it is probable that the economic benefits associated with the dividend will flow to the entity and
c. the amount of the dividend can be measured reliably

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(v) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note 34 held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed under “Expenses” in the statement of Profit and Loss.
Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Company does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

6.3 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.
The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.
The Company fully contributes all ascertained liabilities to The Trustees - Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

(iii) Rent Expense:

Upto March 31,2019

Identification of Lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent Expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

From April 01, 2019

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019 (transition date).The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. For arrangements entered into prior to April 01, 2019, the Company has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

The Company's lease asset classes consist of leases for office premises.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate at the transition date in case of leases existing as on the date of transition date and in case of leases entered after transition date, incremental borrowing rate as on the date of lease commencement date. In case of existing leases the said date would be the date of transition. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases, lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

In case of a sub-lease, the Company accounts for its head lease and sub-lease separately.

(iv) Other income and expenses

All other income and expense are recognised in the period they occur.

(v) Impairment of non-financial assets

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

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6.4 Foreign currency translation

(i) Functional and presentational currency

The consolidated financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Initial recognition:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion:

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cheques on hand, balances with banks (of the nature of cash and cash equivalents) and short- term deposits, as defined above.

6.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	**Useful life as prescribed by Schedule II of the Companies Act, 2013**	**Useful life estimated by Company**
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	5 years	5 years
Electronic equipment	5 years	5 years
Office equipment	5 years	5 years

Refrigerator	5 years	5 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.
Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.
The Company’s intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

6.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

6.10 Contingent Liabilities

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

6.11 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.12 Share Based Payment Transactions

As per Ind AS 101, the entity is encouraged, but not required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind-AS. The Company has decided to avail this exemption and have decided not to apply the requirements of Ind AS 102 to equity instruments that vested before date of transition to Ind-AS.

7. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.3 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in *Note 6.1(xi) Overview of ECL principles.*

7.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

7.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

7.7 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 8: Cash and cash equivalents **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	41.24	123.47
Balances with banks (of the nature of cash and cash equivalents)	1,810.59	761.67
Cheques on hand	2.38	18.18
Bank deposit with original maturity less than three months	1,234.78	125.82
Total	**3,088.99**	**1,029.14**

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

Note 9: Bank balance other than above **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Unclaimed dividend accounts	10.57	10.69
Bank deposit with original maturity for more than three months	364.16	200.37
Balances with banks to the extent held as credit enhancement or security against the borrowings, guarantees, other commitments. *	3,851.20	2,741.27
Total	**4,225.93**	**2,952.33**

Fixed deposit and other balances with banks earns interest at fixed rate.
*Includes deposits Rs. 3,701.14 crores (March 31, 2019: Rs. 2,716.93 crores) pledged with Banks as margin for credit enhancement, Rs. 146.83 crores (March 31, 2019: Rs. 21.28 crores) as margin for guarantees and Rs. 3.23 crores (March 31, 2019: Rs. 3.06 crores) pledged as lien against loans taken.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 10: Derivative financial instruments

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.
The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(Rs. in crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
Part I								
(i) Currency derivatives:								
-Spots and forwards	8,018.44	378.05	-	-	374.86	1.22	-	-
-Currency swaps	1,769.50	11.50	-	-	2,402.33	18.67	2,849.90	83.05
-Cross currency interest rate swaps	6,389.23	319.50	-	-	-	-	-	-
Sub total (i)	**16,177.17**	**709.05**	**-**	**-**	2,777.19	19.89	2,849.90	83.05
(ii) Interest rate derivatives:								
-Forward rate agreements and interest rate swaps	-	-	-	-	40.00	1.83	15.00	0.37
-Interest rate swaps	8,744.63	45.77	-	-	-	-	-	-
-Interest rate caps	-	3.91	-	-	-	-	-	-
Sub total (ii)	**8,744.63**	**49.68**	**-**	**-**	**40.00**	**1.83**	**15.00**	**0.37**
(iii) Credit derivatives:	-	-	-	-	-	-	-	-
(iv) Equity linked derivatives:	-	-	-	-	-	-	-	-
(v) Other derivatives:	-	-	-	-	-	-	-	-
Total derivative financial instruments (i+ii+iii+iv+v)	**24,921.80**	**758.73**	**-**	**-**	**2,817.19**	**21.72**	**2,864.90**	**83.42**
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
(i)Undesignated Derivatives	24,921.80	758.73	-	-	2,817.19	21.72	2,864.90	83.42
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)	**24,921.80**	**758.73**	**-**	**-**	**2,817.19**	**21.72**	**2,864.90**	**83.42**

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 53.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments.

Derivatives not designated as hedging instruments

The Company uses cross currency interest rate swaps, interest rate swaps, principal only swaps, forward contracts, interest rate caps to manage its interest rate risk and foreign currency risk arising from USD and EURO denominated External commercial borrowings and bonds. The derivative instruments are entered into for periods consistent with exposure of the underlying transactions.

Details of the derivative instruments are given below: **(Rs. in crores)**

Particulars	**As at March 31, 2020**				**As at March 31, 2019**			
	Notional amounts	**Derivative assets**	**Notional amounts**	**Derivative liabilities**	**Notional amounts**	**Derivative assets**	**Notional amounts**	**Derivative liabilities**
Interest rate risk:								
Interest rate swaps	8,744.63	45.77	-	-	40.00	1.83	15.00	0.37
Interest rate caps	-	3.91	-	-	-	-	-	-
Foreign currency risk:								
Principal only swaps	1,769.50	11.50	-	-	-	-	-	-
Currency swaps	-	-	-	-	2,402.33	18.67	2,849.90	83.05
Forward contracts	8,018.44	378.05	-	-	374.86	1.22	-	-
Cross currency interest rate swaps	6,389.23	319.50	-	-	-	-	-	-
Total	**24,921.80**	**758.73**	**-**	**-**	**2,817.19**	**21.72**	**2,864.90**	**83.42**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 11: Receivables

(I) Trade receivables **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	10.50	8.48
Trade receivables which have significant increase in credit risk	-	-
Trade receivables -credit impaired	-	-
Total	**10.50**	**8.48**
Less: Allowances for impairment loss	-	-
Total	**10.50**	**8.48**

(II) Other receivables **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Other receivables considered good-secured	-	-
Other receivables considered good-unsecured *	5.64	19.94
Other receivables which have significant increase in credit risk	-	-
Other receivables - credit impaired	2.10	1.58
Total	**7.74**	**21.52**
Less: Allowances for impairment loss on credit impaired other receivables	2.10	1.58
Total	**5.64**	**19.94**

There is no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of **30** days.
*Includes receivables from associate Rs. Nil (March 31, 2019: Rs. 0.58 crores).

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

(Rs. in crores)

Trade receivables days past due		**Current**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**91-360 days past due**	**More than 360 days past due**	**Total**
March 31, 2020	Estimated total gross carrying amount at default	-	10.22	0.28	-	-	-	**10.50**
	ECL-simplified approach	-	-	-	-	-	-	**-**
	Net carrying amount	**-**	**10.22**	**0.28**	**-**	**-**	**-**	**10.50**
March 31, 2019	Estimated total gross carrying amount at default	7.98	0.07	0.43	-	-	-	**8.48**
	ECL-simplified approach	-	-	-	-	-	-	**-**
	Net carrying amount	**7.98**	**0.07**	**0.43**	**-**	**-**	**-**	**8.48**

The managements expects no default in receipt of trade receivables; also there is no history of default observed by the management. Hence, no ECL has been recognised on trade receivables.

(Rs. in crores)

Other receivables days past due		**Current**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**91-360 days past due**	**More than 360 days past due**	**Total**
March 31, 2020	Estimated total gross carrying amount at default	-	2.46	1.73	1.71	0.31	1.53	**7.74**
	ECL-simplified approach	-	0.18	0.04	0.04	0.31	1.53	**2.10**
	Net carrying amount	**-**	**2.28**	**1.69**	**1.67**	**-**	**-**	**5.64**
March 31, 2019	Estimated total gross carrying amount at default	0.24	19.30	0.34	0.06	0.08	1.50	**21.52**
	ECL-simplified approach	-	-	-	-	0.08	1.50	**1.58**
	Net carrying amount	**0.24**	**19.30**	**0.34**	**0.06**	**-**	**-**	**19.94**

Reconciliation of impairment allowance on other receivables:

(Rs. in crores)

Particulars	**Amount**
Impairment allowance measured as per simplified approach	
Impairment allowance as per April 01, 2018	**1.92**
Add: Addition during the year	-
(Less): Reduction during the year	(0.34)
Impairment allowance as per March 31, 2019	**1.58**
Add: Addition during the year	0.53
(Less): Reduction during the year	(0.01)
Impairment allowance as per March 31, 2020	**2.10**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 12: Loans

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(A)		
Loans (at amortised cost)		
i) Term loans	105,073.08	99,444.62
ii) Others -Unsecured loans	3,428.63	2,862.87
Total (A) - Gross	**108,501.71**	**102,307.49**
Less : Impairment loss allowance	6,270.08	5,556.00
Total (A) - Net	**102,231.63**	**96,751.49**
(B)		
i) Secured by tangible assets	105,061.35	99,440.23
ii) Secured by deposits	11.73	4.39
ii) Unsecured	3,428.63	2,862.87
Total (B) - Gross	**108,501.71**	**102,307.49**
Less : Impairment loss allowance (refer note 62)	6,270.08	5,556.00
Total (B) - Net	**102,231.63**	**96,751.49**
(C) Loans in India		
i) Public sector	-	-
ii) Others		
Retail	107,959.44	101,790.38
Corporates	542.27	517.11
Total (C) - Gross	**108,501.71**	**102,307.49**
Less : Impairment loss allowance (refer note 62)	6,270.08	5,556.00
Total (C)- Net	**102,231.63**	**96,751.49**

Note 12: Loans

Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 53.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 53.02.02.06.

(Rs. in crores)

Particulars	**As at March 31, 2020**				**As at March 31, 2019**			
	Stage 1 collective	**Stage 2 collective**	**Stage 3 collective**	**Total**	**Stage 1 collective**	**Stage 2 collective**	**Stage 3 collective**	**Total**
Internal rating grade								
Performing								
High grade	71,178.65	-	-	**71,178.65**	52,834.58	-	-	**52,834.58**
Standard grade	15,886.32	-	-	**15,886.32**	21,265.18	-	-	**21,265.18**
Sub-standard grade	-	10,002.10	-	**10,002.10**	-	13,607.30	-	**13,607.30**
Past due but not impaired	-	2,257.56	-	**2,257.56**	-	5,983.97	-	**5,983.97**
Non- performing	-	-	**9,177.08**	**9,177.08**	**0.13**	**0.06**	**8,616.27**	**8,616.46**
Total	**87,064.97**	**12,259.66**	**9,177.08**	**108,501.71**	**74,099.89**	**19,591.33**	**8,616.27**	**102,307.49**

An analysis of changes in the gross carrying amount as follows:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**				**Year ended March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**74,099.89**	**19,591.33**	**8,616.27**	**102,307.49**	**70,398.28**	**16,865.67**	**8,934.46**	**96,198.41**
New assets originated or purchased	43,005.82	7,356.58	1,113.47	**51,475.87**	40,762.97	9,240.97	2,339.34	**52,343.28**
Assets derecognised or repaid (excluding write offs and includes interest accruals adjusted)	(31,192.03)	(8,391.85)	(3,662.42)	**(43,246.30)**	(32,302.58)	(8,251.76)	(3,332.56)	**(43,886.90)**
Transfers to stage 1	30,922.99	(27,685.66)	(3,237.33)	-	7,333.10	(6,292.38)	(1,040.72)	-
Transfers to stage 2	(26,129.73)	30,711.25	(4,581.52)	-	(9,506.30)	10,374.80	(868.50)	-
Transfers to stage 3	(3,235.91)	(9,157.36)	12,393.27	-	(2,186.45)	(2,112.51)	4,298.96	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	(406.06)	(164.63)	(1,464.66)	**(2,035.35)**	(399.13)	(233.46)	(1,714.71)	**(2,347.30)**
Gross carrying amount closing balance	**87,064.97**	**12,259.66**	**9,177.08**	**108,501.71**	**74,099.89**	**19,591.33**	**8,616.27**	**102,307.49**

Reconciliation of ECL balance is given below:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**				**Year ended March 31, 2019**			
	General approach				**General approach**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**1,472.80**	**1,113.46**	**2,969.74**	**5,556.00**	**1,393.04**	**965.36**	**3,094.39**	**5,452.79**
New assets originated or purchased	887.83	489.55	382.72	**1,760.10**	1,929.56	664.44	949.21	**3,543.21**
Transfers to stage 1	2,611.27	(1,581.05)	(1,030.22)	-	731.99	(376.75)	(355.24)	-
Transfers to stage 2	(524.43)	2,014.89	(1,490.46)	-	(192.27)	488.28	(296.01)	-
Transfers to stage 3	(63.94)	(552.01)	615.95	-	(47.46)	(138.55)	186.01	-
Impact on year end ECL of exposures transferred between stages during the year and reversal of ECL on account of recovery	(1,821.42)	(392.13)	3,202.88	**989.33**	(1,942.93)	(255.86)	1,106.09	**(1,092.70)**
Amounts written off	(406.06)	(164.63)	(1,464.66)	**(2,035.35)**	(399.13)	(233.46)	(1,714.71)	**(2,347.30)**
ECL allowance - closing balance	**2,156.05**	**928.08**	**3,185.95**	**6,270.08**	**1,472.80**	**1,113.46**	**2,969.74**	**5,556.00**

The contractual amount outstanding on loans that have been written off during the financial year, but were still subject to enforcement activity was Rs. 1,447.19 crores at March 31, 2020 (March 31, 2019: Rs. 1,802.17 crores).

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 13: Investments **(Rs. in crores)**

Particulars	**As at March 31, 2020**				**As at March 31, 2019**			
	Amortised Cost	**At Fair value Through profit or loss ***	**Others (at cost)**	**Total**	**Amortised Cost**	**At Fair value Through profit or loss ***	**Others (at cost)**	**Total**
i) Mutual funds *	-	3.02	-	**3.02**	-	323.82	-	**323.82**
ii) Government securities (refer note 64)	1,824.46	-	-	**1,824.46**	1,495.15	-	-	**1,495.15**
iii) Debt securities	52.67	-	-	**52.67**	52.67	-	-	**52.67**
iv) Equity instruments	-	3.36	-	**3.36**	-	3.58	-	**3.58**
v) Associates **(at cost)**	-	-	150.52	**150.52**	-	-	139.84	**139.84**
vi) Pass through certificates (unquoted)	942.79	-	-	**942.79**	877.81	-	-	**877.81**
vii) Certificate of deposits	-	-	-	**-**	-	1,231.71	-	**1,231.71**
viii) Others (venture capital fund)	-	1.04	-	**1.04**	-	0.97	-	**0.97**
Total Gross (A)	**2,819.92**	**7.42**	**150.52**	**2,977.86**	**2,425.63**	**1,560.08**	**139.84**	**4,125.55**
i) Investments outside India	-	-	-	-	-	-	-	-
ii) Investments in India	2,819.92	7.42	150.52	**2,977.86**	2,425.63	1,560.08	139.84	**4,125.55**
Total Gross (B)	**2,819.92**	**7.42**	**150.52**	**2,977.86**	**2,425.63**	**1,560.08**	**139.84**	**4,125.55**
Less : Allowance for impairment loss (C)	(42.23)	-	-	**(42.23)**	(0.01)	-	-	**(0.01)**
Total - Net D = (A) - (C)	**2,777.69**	**7.42**	**150.52**	**2,935.63**	**2,425.62**	**1,560.08**	**139.84**	**4,125.54**

-

More information regarding the valuation methodologies can be found in Note 52.10

* The Company received dividend of Rs. 0.19 crores (March 31, 2019: Rs. 4.99 crores) from its investments measured at fair value through profit or loss, recorded as dividend income.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Investments carried at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system for investments carried at amortised cost are explained in note 53.02.

(Rs. in crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 individual	Stage 2 individual	Stage 3	Total	Stage 1 individual	Stage 2 individual	Stage 3	Total
Internal rating grade								
Performing								
High grade	2,767.25	-	-	**2,767.25**	2,425.63	-	-	**2,425.63**
Standard grade	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Individually Impaired	-	52.67	-	**52.67**	-	-	-	-
Total	**2,767.25**	**52.67**	**-**	**2,819.92**	**2,425.63**	**-**	**-**	**2,425.63**

An analysis of changes in gross carrying amount and the corresponding ECLs on investments carried at amortised cost is as follows:

(Rs. in crores)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	2,425.63	-	-	**2,425.63**	2,267.04	52.67	-	**2,319.71**
New assets originated or purchased	1,190.59	-	-	**1,190.59**	798.22	-	-	**798.22**
Assets derecognised or matured (excluding write-offs)	(796.51)	-	-	**(796.51)**	(692.10)	-	-	**(692.10)**
Change in fair value	0.21	-	-	**0.21**	(0.20)	-	-	**(0.20)**
Transfers to stage 1	-	-	-	-	52.67	(52.67)	-	-
Transfers to stage 2	(52.67)	52.67	-	-	-	-	-	-
Closing balance	**2,767.25**	**52.67**	**-**	**2,819.92**	**2,425.63**	**-**	**-**	**2,425.63**

Reconciliation of ECL balance is given below: **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**				**Year ended March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance in ECL	**0.01**	**-**	**-**	**0.01**	**-**	**0.07**	**-**	**0.07**
New assets originated or purchased	-	-	-	-	-	-	-	-
Transfers to stage 1	-	-	-	-	0.07	(0.07)	-	**-**
Transfers to stage 2	(0.01)	0.01	-	**-**	-	-	-	-
Unwinding of discount (recognised in interest income)	-	0.93	-	**0.93**	-	-	-	**-**
Changes to models and inputs used for ECL calculations	23.79	17.50	-	**41.29**	(0.06)	-	-	**(0.06)**
Closing balance in ECL	**23.79**	**18.44**	**-**	**42.23**	**0.01**	**-**	**-**	**0.01**

Reconciliation of gross carrying value of investment in associate is given below:

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Opening balance	**139.84**	**128.25**
Share of profit of associate	10.43	11.69
Share of other comprehensive income from associates (net of tax)	0.25	(0.10)
Closing balance	**150.52**	**139.84**

Note 14: Other financial assets **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits *	45.15	36.88
Total	**45.15**	**36.88**

* Net of allowance for impairment loss recognised on security deposit Rs. 0.60 crore (March 31, 2019: Rs. 1.28 crores).

Note 15: Current tax assets (net) **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax [net of provision for income tax Rs. 2,910.66 crores (March 31, 2019: Rs. 2,909.82 crores)]	249.10	106.58
Total	**249.10**	**106.58**

Note 16: Investment property (Rs. in crores)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Freehold Land	Buildings	Total	Freehold Land	Buildings	Total
Gross block at cost						
Opening balance	**0.70**	**1.45**	**2.15**	**0.70**	**1.45**	**2.15**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing balance	**0.70**	**1.45**	**2.15**	**0.70**	**1.45**	**2.15**
Accumulated depreciation and impairment						
Opening balance	**-**	**0.09**	**0.09**	**-**	**0.06**	**0.06**
Depreciation charge for the year	-	0.03	0.03	-	0.03	0.03
Disposals	-	-	-	-	-	-
Closing balance	**-**	**0.12**	**0.12**	**-**	**0.09**	**0.09**
Net carrying amount	**0.70**	**1.33**	**2.03**	**0.70**	**1.36**	**2.06**

(i) Amounts recognised in Statement of Profit and Loss for Investment property

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rental income from investment property	0.22	0.22
Direct operating expenses arising from investment property that generated rental income during the year	0.06	0.03
Direct operating expenses arising from investment property that did not generate rental income during the year	-	-
Profit from investment property before depreciation	**0.16**	**0.19**
Depreciation charge for the year	0.03	0.03
Profit from investment property after depreciation	**0.13**	**0.16**

(ii) Contractual obligations

The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) Fair value

The fair value of the investment property as at March 31, 2020 is Rs. 6.43 crores (March 31, 2019: Rs. 6.43 crores).

(iv) Pledged details

Investment property is not pledged.

(v) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

(vi) Leasing arrangements

Investment properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 17: Property, plant and equipment **(Rs. in crores)**

Particulars	**Freehold Land**	**Building**	**Plant and equipment**	**Computers**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Leasehold improvement**	**Total**
Gross block at cost									
As at April 01, 2018	**0.15**	**2.72**	**8.82**	**33.62**	**17.81**	**20.24**	**0.54**	**62.26**	**146.16**
Additions	0.50	0.78	1.86	19.20	8.40	6.73	-	31.92	**69.39**
Disposals	-	1.11	0.90	7.95	1.60	1.17	0.27	5.79	**18.79**
Adjustment*	-	-	-	-	0.01	-	-	(0.01)	-
As at March 31, 2019	**0.65**	**2.39**	**9.78**	**44.87**	**24.62**	**25.80**	**0.27**	**88.38**	**196.76**
Additions	-	-	1.53	17.66	9.12	5.38	-	22.74	**56.43**
Disposals	0.06	-	0.29	8.24	2.15	0.78	0.02	6.13	**17.67**
Adjustment*	-	-	0.07	-	-	0.29	-	(0.36)	-
As at March 31, 2020	**0.59**	**2.39**	**11.09**	**54.29**	**31.59**	**30.69**	**0.25**	**104.63**	**235.52**
Accumulated depreciation and impairment									
As at April 01, 2018	-	**0.04**	**1.00**	**5.70**	**4.66**	**1.96**	**0.03**	**14.54**	**27.93**
Charge for the year	-	0.05	1.36	12.37	4.98	2.84	0.08	20.24	**41.92**
Disposals	-	0.17	0.80	7.27	1.48	1.00	0.26	5.57	**16.55**
Adjustment*	-	-	-	-	0.01	-	-	(0.01)	-
As at March 31, 2019	-	**(0.08)**	**1.56**	**10.80**	**8.17**	**3.80**	**(0.15)**	**29.20**	**53.30**
Charge for the year	-	0.05	1.47	15.56	5.49	3.28	0.07	22.66	**48.58**
Disposals	-	-	0.23	7.44	1.98	0.66	0.01	5.92	**16.24**
Adjustment*	-	-	0.02	-	-	0.10	-	(0.12)	-
As at March 31, 2020	-	**(0.03)**	**2.82**	**18.92**	**11.68**	**6.52**	**(0.09)**	**45.82**	**85.64**
Net carrying amount as at March 31, 2019	**0.65**	**2.47**	**8.22**	**34.07**	**16.45**	**22.00**	**0.42**	**59.18**	**143.46**
Net carrying amount as at March 31, 2020	**0.59**	**2.42**	**8.27**	**35.37**	**19.91**	**24.17**	**0.34**	**58.81**	**149.88**

* Adjustment is on account of regrouping of property, plant and equipment and other intangible assets.

Carrying value of property, plant and equipment pledged as collateral for liabilities as at March 31, 2020 is Rs. 0.36 crores (March 31, 2019: Rs. 0.34 crores).

Note 18: Leases

A] This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

The Balance sheet shows the following amounts relating to leases

Right-of-use assets **(Rs. in crores)**

Particulars	**As at March 31, 2020**
Office premises	
As at March 31, 2019	**-**
Right-of-use assets on transition	**371.83**
Additions	71.36
Depreciation charge for the year	(91.17)
Deletions	(24.18)
Net carrying amount as at March 31, 2020	**327.84**

Lease liabilities

Maturity analysis of lease liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**
Less than 1 year	80.97
1 to 2 years	74.50
2 to 3 years	61.40
3 to 4 years	47.99
4 to 5 years	35.80
More than 5 years	62.15
Total	**362.81**

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach, recognising right-of-use assets and adjusted lease liability. As per Ind AS 116, lease commitments are recognised as lease liability and need not be disclosed under contingent liabilities and commitments.

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

(Rs. in crores)

	Particulars	As at March 31, 2020
(ii)	**Amounts recognised in the Statement of Profit or Loss**	
	Depreciation charge of right-of-use assets (included in depreciation, amortisation and impairment)	91.17
	Interest expense (included in finance costs)	33.73
	Expense relating to short-term leases (included in other expenses)	9.88
	Expense relating to variable lease payments not included in lease liabilities (included in other expenses).	-
	Income from subleasing right-of-use assets(included in other income)	8.61
(iii)	Gains or losses arising from sale and leaseback transactions	-
(iv)	The total cash outflow for leases during the year ended March 31, 2020	110.46

The weighted average incremental borrowing rate of 9.09% has been applied to lease liabilities recognised in the balance sheet as at April 01, 2019 .

The difference between the operating lease commitments disclosed applying Ind AS 17 as of March 31, 2019 and the value of the lease liability arrived using the incremental borrowing rate as of April 01, 2019 is primarily on account of exclusion of short term leases in measuring the lease liability in accordance with Ind AS 116.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

B] This note provides information for leases where the Company is a lessor.

The Company has given office premises under lease. The income from lease recognised in the Statement of Profit and Loss are Rs. 0.22 crore (March 31, 2019: Rs. 0.22 crore). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

Future minimum lease receivables under non-cancellable leases as at March 31, 2020 are as follows:

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Within one year	0.16	0.15
After one year but not more than five years	0.42	0.58
More than five years	-	-
Total	**0.58**	**0.73**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 19: Other intangible assets # **(Rs. in crores)**

Particulars	**Computer software**
Gross block at cost	
As at April 01, 2018	**2.63**
Additions	1.36
Disposals	1.93
As at March 31, 2019	**2.06**
Additions	1.96
Disposals	**-**
As at March 31, 2020	**4.02**
Accumulated amortisation and impairment:	
As at April 01, 2018	**0.89**
Charge for the year	1.03
Disposals	1.83
Adjustment*	0.00
As at March 31, 2019	**0.09**
Charge for the year	1.26
Disposals	**-**
As at March 31, 2020	**1.35**
Net carrying amount as at March 31, 2019	**1.97**
Net carrying amount as at March 31, 2020	**2.67**

* Adjustment is on account of regrouping of property, plant and equipment and other intangible asset

Other than internally generated
Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Note 20: Other non-financial assets **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred lease rental	-	8.67
Goods and services tax credit (input) receivable	66.86	52.06
Prepaid expenses	8.21	8.32
Capital advances	0.86	3.04
Duties paid under protest	86.40	64.68
Other non-financial assets	7.24	6.89
Total	**169.57**	**143.66**

Note 21: Payables

Trade payables **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
(i) total outstanding dues of micro enterprises and small enterprises (refer note 54)	0.40	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises *	143.44	133.46
Total	**143.84**	**133.46**

*Includes payable to associate Rs. 0.41 crores (March 31, 2019: Rs. Nil).

Other payables **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.13	2.72
Total	**1.13**	**2.72**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 22: Debt securities **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
At amortised cost		
Secured		
Redeemable non-convertible debentures		
- Public issue ¥	5,796.78	5,770.85
- Privately placed ¥¥	14,204.14	19,127.33
External commercial bond	12,607.01	2,769.96
Senior secured notes	1,204.92	2,564.99
Unsecured		
Redeemable non-convertible debentures		
- Privately placed	454.11	444.83
Commercial papers	-	3,503.80
Total	**34,266.96**	**34,181.76**
Debt securities in India	20,455.03	28,846.81
Debt securities outside India	13,811.93	5,334.95
Total	**34,266.96**	**34,181.76**

¥ includes Rs. 40.50 crores (March 31, 2019 Rs.14.49 crores) issued to related parties including Directors.
¥¥ includes Rs. Nil (March 31, 2019 Rs. 82.81 crores) issued to related parties.

Note 23: Borrowings (other than debt securities) **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
At amortised cost		
Secured		
Term loan from banks - INR	13,259.27	11,831.39
Term loan from banks - FCNR	-	411.52
Term loan from financial institutions/corporates - INR	1,446.29	3,413.04
External commercial borrowing - FCNR	4,300.61	2,376.53
Loans repayable on demand from banks (Cash credit from banks)	2,016.39	1,418.30
Other loans - INR -Securitisation liabilities	21,452.04	17,738.52
Total	**42,474.60**	**37,189.30**
Borrowings in India	38,173.99	34,401.25
Borrowings outside India	4,300.61	2,788.05
Total	**42,474.60**	**37,189.30**

Note 24: Deposits **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
At amortised cost		
Unsecured		
Deposits		
i. Public deposits *	11,768.48	10,169.76
ii. From corporate **	152.22	145.32
iii. Inter-corporate deposits from associate	39.42	26.38
Total	**11,960.12**	**10,341.46**

* includes Rs. 1.58 crores (March 31, 2019 Rs. 1.42 crores) accepted from related parties including Director.
** includes Rs. 1.55 crores (March 31, 2019 Rs. 14.99 crores) accepted from related parties.

Note 25: Subordinated liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
At amortised cost		
Unsecured		
Subordinated debts - Debentures #	5,138.00	5,243.09
Subordinated debts - Bonds ##	532.07	958.79
Total	**5,670.07**	**6,201.88**
Subordinated debts in India	5,670.07	6,201.88
Subordinated debts outside India	-	-
Total	**5,670.07**	**6,201.88**

includes Rs. 422.19 crores (March 31, 2019 Rs. 470.39 crores) issued to related parties.

includes Rs. 3.17 crores (March 31, 2019 Rs. 5.92 crores) issued to related parties.

I Debt securities

A) Redeemable non-convertible debenture (NCD) -secured

i) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12-24 months	-	104.94	-	**104.94**
Total	**-**	**104.94**	**-**	**104.94**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12-24 months	-	100.99	-	**100.99**
Total	**-**	**100.99**	**-**	**100.99**

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 500.00 crores raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

As per the terms of the issue NCD 2013 (2) Rs. 114.68 crores were redeemed on October 23, 2018.
As per the terms of the issue Rs. 294.01 crores were redeemed on October 24, 2016.

ii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12-24 months	35.05	198.45	-	**233.50**
Total	**35.05**	**198.45**	**-**	**233.50**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
24-36 months	-	227.59	-	**227.59**
12-24 months	27.80	437.16	-	**464.96**
Total	**27.80**	**664.75**	**-**	**692.55**

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 1,974.85 crores raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

As per the terms of the issue Rs. 427.15 crores were redeemed on July 15, 2019.
As per the terms of the issue Rs. 1,348.33 crores were redeemed on July 15, 2017.

iii) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 1)

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	496.11	-	-	**496.11**
36-48 months	825.13	-	-	**825.13**
12-24 months	2,427.46	-	-	**2,427.46**
Total	**3,748.70**	**-**	**-**	**3,748.70**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	609.81	-	-	**609.81**
48-60 months	813.37	-	-	**813.37**
24-36 months	2,407.61	-	-	**2,407.61**
Total	**3,830.79**	**-**	**-**	**3,830.79**

I Debt securities

Nature of security
Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 3,648.52 crores raised from public issue (net off expenses) towards repayment of borrowings as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 107.40 crores were redeemed on December 26, 2019

iv) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 2)
Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	71.51	-	-	**71.51**
36-48 months	262.12	-	-	**262.12**
12-24 months	-	295.02	-	**295.02**
Total	**333.63**	**295.02**	**-**	**628.65**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	71.59	-	-	**71.59**
48-60 months	254.12	-	-	**254.12**
24-36 months	-	288.65	-	**288.65**
Total	**325.71**	**288.65**	**-**	**614.36**

Nature of security
Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 606.79 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

v) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 3)
Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	59.87	-	-	**59.87**
36-48 months	232.06	-	-	**232.06**
12-24 months	-	253.76	-	**253.76**
Total	**291.93**	**253.76**	**-**	**545.69**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	59.73	-	-	**59.73**
48-60 months	226.96	-	-	**226.96**
24-36 months	-	245.47	-	**245.47**
Total	**286.69**	**245.47**	**-**	**532.16**

Nature of security
Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 537.32 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

I Debt securities

vi) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2019 - 1)

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	20.48	41.75	-	**62.23**
48-60 months	33.47	66.95	-	**100.42**
24-36 months	41.21	86.90	-	**128.11**
12-24 months	-	54.98	-	**54.98**
Total	**95.16**	**250.58**	**-**	**345.74**

Outstanding as at March 31, 2019 is Rs. Nil.

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 339.94 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

vii) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2019 - 2)

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	26.19	-	-	**26.19**
48-60 Months	64.80	-	-	**64.80**
24-36 months	78.09	20.48	-	**98.57**
Total	**169.08**	**20.48**	**-**	**189.56**

Outstanding as at March 31, 2019 is Rs. Nil.

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 193.67 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

viii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%* ¥^	>= 10% < 12% *^	>= 12% < 14%	>=14% <16%	
over 60 months	524.89	-	-	-	**524.89**
48-60 months	154.80	1,299.08	-	-	**1,453.88**
36-48 months	210.38	172.02	-	-	**382.40**
24-36 months	1,780.18	202.41	148.38	-	**2,130.97**
12-24 months ^	4,481.32	804.89	-	-	**5,286.21**
upto 12 months *¥^	4,045.92	379.87	-	-	**4,425.79**
Total	**11,197.49**	**2,858.27**	**148.38**	**-**	**14,204.14**

* Includes 1 NCD of Rs. 666.00 crores partly paid to the extent of Rs. 666,000/- (50% redeemed)
* Includes 1 NCD of Rs. 25.00 crores partly paid to the extent of Rs. 111,111.11
^NCD amounting to Rs. 1,867.30 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under **(Rs. in crores)**

Sr No	Rate of interest	Amount	Put/Call option date
1	8.87%	110.00	August 7, 2020
Total		**110.00**	

I Debt securities

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% *^¥	>= 10% < 12% ^	>= 12% < 14%	>=14% <16%	
over 60 months	692.23	1,334.80	-	-	**2,027.03**
48-60 months	210.24	190.84	-	-	**401.08**
36-48 months ^	1,522.76	-	145.77	-	**1,668.53**
24-36 months ^¥	4,687.66	220.02	-	-	**4,907.68**
12-24 months*^¥	2,227.78	980.85	199.10	13.61	**3,421.34**
upto 12 months ¥^	6,701.67	-	-	-	**6,701.67**
Total	**16,042.34**	**2,726.51**	**344.87**	**13.61**	**19,127.33**

* Includes 1 NCD of Rs. 300.00 crores partly paid to the extent of Rs. 500,000/-
* Includes 3 NCD of Rs. 80.00 crores partly paid to the extent of Rs. 50,000/-
* Includes 2 NCD of Rs. 90.00 crores partly paid to the extent of Rs. 60,000/-
* Includes 1 NCD of Rs. 666.00 crores partly paid to the extent of Rs. 666,000/-
* Includes 1 NCD of Rs. 25.00 crores partly paid to the extent of Rs.111,111.11
* Includes 1 NCD of Rs. 15.00 crores partly paid to the extent of Rs. 100,000/-

^NCD amounting to Rs. 2,177.00 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under **(Rs. in crores)**

Sr No	Rate of interest	Amount	Put/Call option date
1	8.87%	110.00	August 7, 2020
2	8.10%	300.00	March 23, 2020
3	8.79%	45.00	May 22, 2019
Total		**455.00**	

Nature of security
Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in crores)

Total non-convertible debentures-secured	As at March 31, 2020	As at March 31, 2019
Public issue (i+ii+iii+iv+v+vi+vii)	5,796.78	5,770.85
Privately placed (viii)	14,204.14	19,127.33
Total non-convertible debentures-secured	**20,000.92**	**24,898.18**

B) External commercial bond (ED) Secured
Privately Placed Redeemable External commercial bond of Rs. 100,000/- each
Terms of repayment as on March 31, 2020

(Rs. in crores)

Detail	< 10%	>= 10% < 12%	Total
36-48 months	3,808.17	-	**3,808.17**
24-36 months	5,772.26	-	**5,772.26**
12-24 months	-	3,026.58	**3,026.58**
Total	**9,580.43**	**3,026.58**	**12,607.01**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Detail	Rate of interest	Total
24-36 months	>=10% <12%	2,769.96
Total		**2,769.96**

During the year ended March 31, 2020, the Company issued and allotted USD 250,000,000 5.3750% senior secured notes due 2022 in offshore market (notes) equivalent to Rs. 1,714.38 crores under USD 2,000,000,000 Global Medium Term Note Programme. The said notes are listed on Singapore Stock Exchange (SGX- ST). The proceeds of the issue of the notes have been utilised for the purpose of onward lending and other activities as may be permitted by the ECB Directions.

I Debt securities

During the year ended March 31, 2020, the Company issued and allotted USD 500,000,000 5.100% senior secured notes due 2023 in offshore market (Social Bonds) equivalent to Rs. 3,541.75 crores under USD 3,000,000,000 Global Medium Term Note Programme. The said Social Bonds are listed on Singapore Stock Exchange (SGX- ST). The proceeds of the issue of the Social Bonds have been utilised for the purpose of onward lending and other activities as per the Company's Social Finance Framework and as may be permitted by the ECB Directions.

During the year ended March 31, 2019, the Company issued and allotted senior secured notes in offshore market (notes) aggregating to INR 2,849.90 crores consisting of 5.70% notes due 2022 under INR 5,000 crores Medium Term Note Programme. The notes issued by the Company are listed on Singapore Stock Exchange (SGX- ST). The proceeds of the issue have been utilised for the purpose of onward disbursements.

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

C) Senior secured notes

Senior secured notes of Rs. 10,000,000/- each

Terms of repayment

(Rs. in crores)

Detail	Rate of interest	As at March 31, 2020	As at March 31, 2019
48-60 months	<10%	-	882.97
36-48 months	<10%	885.54	-
24-36 months	<10%	-	317.48
12-24 months	<10%	-	1,364.54
upto 12 months	<10%	319.38	-
Total		**1,204.92**	**2,564.99**

During the year ended March 31, 2018, the Company had issued senior secured notes in offshore market (notes) aggregating to INR 1,160 crores consisting of INR 840 crores 8.10% notes due 2023 and INR 320 crores 7.90% notes due 2021 payable in US dollars under INR 5,000 crores Medium Term Note Programme. The notes issued by the Company are listed on Singapore Stock Exchange (SGX- ST).

The Company had utilised the entire sum of Rs. 1,160.00 crores raised from Senior secured notes towards asset financing activities as per the objects stated in the prospectus for the issue.

During the year ended March 31, 2017, the Company had issued Rs. 1,350.00 crores 8.25 % senior secured notes at the price of 100.18% that are due for repayment on February 18, 2020. The said notes (with ISIN - XS 1549374475) are listed and traded on the Singapore Exchange (SGX-ST) with a minimum board lot size of S $200,000.

The Company had utilised the entire sum of Rs. 1,350.00 crores raised from Senior secured notes towards asset financing activities as per the objects stated in the prospectus for the issue.

As per the terms of the issue, Rs. 1,350.00 crores were redeemed on February 18, 2020. .

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

D) Redeemable non-convertible debenture (NCD) -unsecured

i) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
48-60 months	-	-	454.11	**454.11**
Total	**-**	**-**	**454.11**	**454.11**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	-	-	444.83	**444.83**
Total	**-**	**-**	**444.83**	**444.83**

I Debt securities

E) Commercial paper (CP) - unsecured

Privately placed redeemable commercial paper of Rs. 500,000/- each

Terms of repayment as on March 31, 2020

Outstanding as at March 31, 2020 is Rs. Nil.

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
upto 12 months	3,503.80	-	-	3,503.80
Total	**3,503.80**	**-**	**-**	**3,503.80**

II Borrowings (other than debt securities)

A) Term loans from banks -secured (INR)

As at March 31, 2020

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	8.50% to 9.50%	20 instalments of quarterly frequency	2,265.25
36-48 months	8.91% to 9.68%	20 instalments of quarterly frequency	583.49
24-36 months	8.11% to 9.63%	1 to 36 instalments of bullet, monthly, quarterly and specific frequency	2,469.48
12-24 months	7.00% to 9.90%	1 to 20 instalments of bullet, quarterly and specific frequency	3,112.87
upto 12 months	7.47% to 12.25%	1 to 36 instalments of bullet, monthly, quarterly, half-yearly and specific frequency	4,828.18
Total			**13,259.27**

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	8.50% to 10.74%	20 to 21 instalments of quarterly frequency	749.37
36-48 months	8.56% to 9.48%	20 instalments of quarterly frequency	2,343.59
24-36 months	8.30% to 9.85%	12 to 20 instalments of quarterly and specific frequency	2,169.61
12-24 months	8.45% to 10.35%	7 to 36 instalments of monthly, quarterly and specific frequency	2,256.55
upto 12 months	7.75% to 10.76%	1 to 48 instalments of bullet, monthly, quarterly, half-yearly and yearly frequency	4,312.27
Total			**11,831.39**

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

B) Term loans from banks -secured (FCNR)

As at March 31, 2020

Outstanding as at March 31, 2020 is Rs. Nil.

As at March 31, 2019

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
upto 12 months	2.59% to 9.37%	1 to 10 instalments of bullet, quarterly and specific frequency	411.52
Total			**411.52**

Loans are classified in respective time buckets based on option date.

Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

C) Term loans from financial institutions/corporates -secured (INR)
As at March 31, 2020
Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	10.20%	11 instalments of specific frequency	227.76
36-48 months	10.50%	11 instalments of specific frequency	461.02
12-24 months	7.95% to 9.21%	11 to 20 instalments of quarterly and specific frequency	646.94
upto 12 months	8.60% to 9.29%	1 to 20 instalments of bullet and quarterly frequency	110.57
Total			**1,446.29**

Loans are classified in respective time buckets based on option date.
Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019
Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
over 60 months	10.20%	11 instalments of half-yearly and specific frequency	320.35
48-60 months	10.50%	11 instalments of half-yearly and specific frequency	712.29
36-48 months	8.40% to 9.98%	11 to 20 instalments of quarterly and specific frequency	1,121.92
12-24 months	8.75% to 9.27%	1 to 20 instalments of bullet and quarterly frequency	771.76
upto 12 months	8.60% to 10.50%	1 to 20 instalments of bullet, quarterly and half-yearly frequency	486.72
Total			**3,413.04**

Loans are classified in respective time buckets based on option date.
Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

D) External commercial borrowing
As at March 31, 2020
Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
over 60 months	8.63% to 11.06%	11 to 13 instalments of half-yearly and specific frequency	1,694.61
36-48 months	9.83% to 10.02%	Bullet frequency	2,606.00
Total			**4,300.61**

Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	9.83% to 10.02%	Bullet frequency	2,376.53
Total			**2,376.53**

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

E) Other loans - INR -Securitisation liabilities

As at March 31, 2020

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
above 60 months	9.40% to 10.02%	1 to 57 instalments monthly frequency	676.13
48-60 months	7.99% to 10.97%	1 to 63 instalments monthly frequency	9,882.22
36 - 48 months	8.32% to 10.56%	1 to 61 instalments monthly frequency	6,053.47
24 - 36 months	6.90% to 8.87%	1 to 60 instalments monthly frequency	2,526.03
12 - 24 months	7.00% to 7.53%	1 to 55 instalments monthly frequency	303.11
below 12 months	8.28% to 10.21%	1 to 57 instalments monthly frequency	2,011.08
Total			**21,452.04**

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	8.31% to 10.38%	1 to 61 instalments of monthly frequency	9,473.46
36 - 48 months	6.90% to 8.81%	1 to 60 instalments of monthly frequency	5,795.92
24 - 36 months	7.00% to 8.51%	1 to 55 instalments of monthly frequency	2,170.32
12 - 24 months	7.54% to 8.30%	1 to 55 instalments of monthly frequency	298.82
Total			**17,738.52**

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

F) Loans repayable on demand from banks (Cash credit from banks) **(Rs. in crores)**

Particulars	Rate of interest	As at March 31, 2020
Secured by hypothecation of specific assets covered under hypothecation loan agreements	8.00 % to 11.40 %	2,016.39
Total		**2,016.39**

(Rs. in crores)

Particulars	Rate of interest	As at March 31, 2019
Secured by hypothecation of specific assets covered under hypothecation loan agreements	8.10 % to 11.95 %	1,418.30
Total		**1,418.30**

III Deposits

A) Deposits from public - unsecured -[refer note 64]

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	1,010.22	-	**1,010.22**
36-48 months	1,140.06	-	**1,140.06**
24-36 months	3,089.58	-	**3,089.58**
12-24 months	3,766.76	-	**3,766.76**
upto 12 months	2,761.85	-	**2,761.85**
Total	**11,768.47**	**-**	**11,768.47**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	1,050.68	-	**1,050.68**
36-48 months	944.76	-	**944.76**
24-36 months	3,583.09	-	**3,583.09**
12-24 months	2,201.39	-	**2,201.39**
upto 12 months	2,093.31	296.53	**2,389.84**
Total	**9,873.23**	**296.53**	**10,169.76**

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits from public	11,768.47	10,169.76

B) Deposits from corporates - unsecured
Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	4.53	-	**4.53**
36-48 months	2.16	-	**2.16**
24-36 months	18.08	-	**18.08**
12-24 months	71.44	-	**71.44**
upto 12 months	56.01	-	**56.01**
Total	**152.22**	**-**	**152.22**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	16.54	-	**16.54**
36-48 months	6.13	-	**6.13**
24-36 months	24.02	-	**24.02**
12-24 months	35.17	-	**35.17**
upto 12 months	63.12	0.34	**63.46**
Total	**144.98**	**0.34**	**145.32**

C) Inter-corporate deposits from associate

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2020
upto 12 months	7.50%	Bullet repayment	39.42
Total			**39.42**

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2019
upto 12 months	9.50%	Bullet repayment	26.38
Total			**26.38**

IV Subordinated liabilities

A) Subordinated liabilities -unsecured - Bonds
i) Privately placed subordinated debts of Rs. 1,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
upto 12 months	-	532.07	-	**532.07**
Total	**-**	**532.07**	**-**	**532.07**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
12-24 months	-	492.67	-	**492.67**
upto 12 months	-	466.12	-	**466.12**
Total	**-**	**958.79**	**-**	**958.79**

(Rs. in crores)

Subordinated liabilities (unsecured) - Bonds	As at March 31, 2020	As at March 31, 2019
Privately placed	532.07	958.79
Total Subordinated liabilities (unsecured) - Bonds	**532.07**	**958.79**

B) Subordinated liabilities -unsecured - Debentures
i) Privately placed subordinated liabilities of Rs. 100,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
upto 12 months	-	74.94	-	**74.94**
Total	**-**	**74.94**	**-**	**74.94**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
12-24 months	-	74.92	-	**74.92**
upto 12 months	-	67.04	-	**67.04**
Total	**-**	**141.96**	**-**	**141.96**

ii) Privately placed subordinated liabilities of Rs. 1,000,000/- each
Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
over 60 months	1,570.91	135.51	-	**1,706.42**
48-60 months	40.97	531.22	1,609.30	**2,181.49**
36-48 months	-	332.37	-	**332.37**
24-36 months	-	308.85	-	**308.85**
12-24 months	-	-	51.86	**51.86**
upto 12 months	-	482.07	-	**482.07**
Total	**1,611.88**	**1,790.02**	**1,661.16**	**5,063.06**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
over 60 months	1,611.01	662.08	1,580.12	**3,853.21**
48-60 months	-	332.10	-	**332.10**
36-48 months	-	308.59	-	**308.59**
24-36 months	-	-	51.77	**51.77**
12-24 months	-	481.33	-	**481.33**
upto 12 months	-	74.13	-	**74.13**
Total	**1,611.01**	**1,858.23**	**1,631.89**	**5,101.13**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

(Rs. in crores)

Subordinated liabilities (unsecured) - Debentures	**As at March 31, 2020**	**As at March 31, 2019**
Privately placed (i+ii)	5,138.00	5,243.09
Total Subordinated liabilities (unsecured) - Debentures	**5,138.00**	**5,243.09**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 26: Other financial liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Investor education and protection fund shall be credited by the following amounts (as and when due)		
- Unclaimed dividend	10.57	10.69
- Unclaimed matured deposits and interest accrued thereon	150.02	173.40
- Unclaimed matured debentures and interest accrued thereon	15.45	18.33
- Unclaimed matured subordinated debts and interest accrued thereon	81.69	46.61
Temporary credit balance in bank accounts	26.63	68.95
Payable on account of assignment	78.78	131.67
Payable to dealers	0.99	6.20
Payable to employees	146.41	125.15
Retention money and other sundry liabilities	217.27	217.73
Other liabilities *	184.51	217.75
Total	**912.32**	**1,016.48**

* Other liabilities include amount payable to Banks for credit card payments, settlement dues payable to resigned employees.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 27: Current tax liabilities (Net) **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
For taxation [net of advance tax Rs. 1,077.82 crores (March 31, 2019: Rs. 2.64 crores)]	102.02	102.97
Total	**102.02**	**102.97**

Note 28: Provisions **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
For employee benefits		
For gratuity (refer note 46)	3.37	1.28
For compensated absences (leave encashment and availment)	34.06	27.47
For others		
For undrawn loan commitment	16.15	11.76
For taxes- contested	92.75	92.75
Total	**146.33**	**133.26**

Financial guarantee obligation

An analysis of changes in the gross carrying amount in relation to financial guarantee exposure is, as follows:
Gross exposure reconciliation **(Rs. in crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of outstanding exposure	-	871.76
Additions	-	-
Deletions	-	(871.76)
Closing balance of outstanding exposure	-	-

Reconciliation of ECL on financial guarantee obligation is given below:

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Simplified approach	Simplified approach
Financial guarantee obligation - opening balance	-	72.93
Additions	-	-
Deletions	-	(72.93)
Financial guarantee obligation - closing balance	-	-

Loan commitments

Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 53.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 53.02.02.06.

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
	Stage 1 Collective	Stage 1 Collective
Internal rating grade		
Performing		
High grade	311.87	471.92
Total	**311.87**	**471.92**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

Gross exposure reconciliation **(Rs. in crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Stage 1	Stage 1
Opening balance of outstanding exposure	471.92	124.86
New exposures	233.39	449.02
Exposures derecognised or matured/repaid (excluding write offs)	(393.44)	(101.96)
Closing balance of outstanding exposure	**311.87**	**471.92**

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below:

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	General approach	General approach
	Stage 1	Stage 1
ECL allowance - opening balance	11.76	5.05
New exposures	10.78	11.13
Exposures derecognised or matured (excluding write offs)	(6.39)	(4.42)
ECL allowance - closing balance	**16.15**	**11.76**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31,

Note 29: Other non-financial liabilities **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	73.96	54.87
Advance from customers	9.32	14.62
Total	**83.28**	**69.49**

Note 30: Equity share capital (Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised:		
647,000,000 (March 31, 2019: 647,000,000) equity shares of Rs.10/- each	647.00	647.00
95,000,000 (March 31, 2019: 95,000,000) preference shares of Rs.100/- each	950.00	950.00
	1,597.00	**1,597.00**
Issued share capital		
226,888,877 (March 31, 2019: 226,936,877) equity shares of Rs. 10/- each	226.89	226.94
Subscribed share capital		
226,882,736 (March 31, 2019: 226,930,736) equity shares of Rs. 10/- each	226.88	226.93
Paid up (fully paid up)		
Equity shares		
226,882,736 (March 31, 2019: 226,882,736) equity shares of Rs. 10/- each fully paid up	226.88	226.88
	226.88	**226.88**
Nil [March 31, 2019: 48,000 equity shares of Rs.10/- each (Rs. 5/- each paid up forfeited)] *	-	0.02
Total Equity	**226.88**	**226.90**

* The shareholders in their 40th annual general meeting held on June 27, 2019 considered and approved the cancellation of the forfeited shares from the issued and subscribed share capital of the Company.

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Number of shares	(Rs. in crores)
As at March 31, 2018	**226,882,736**	**226.88**
Issued during the year	-	-
As at March 31, 2019	**226,882,736**	**226.88**
Issued during the year	-	-
As at March 31, 2020	**226,882,736**	**226.88**

b. Terms/ rights attached to equity shares

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

During the year ended March 31, 2020, the total dividend per equity share proposed for distribution to equity shareholders is Rs. 5.00 (March 31, 2019 : Rs. 12.00). Out of the said total dividend proposed for the year ended March 31, 2020, amount of interim dividend paid during the year was Rs. 5.00 (March 31, 2019 : Rs. 5.00) per equity share and amount of final dividend proposed by the Board of Directors is Rs. Nil (March 31, 2019: Rs. 7.00) per equity share. The Board of Directors at its meeting held on October 24, 2019, had declared interim dividend of Rs. 5/- per equity share of Rs. 10/- each for the financial year 2019-2020. The payment was made on November 19, 2019. In order to conserve cash resources to face the challenges and the contingencies created by Corona virus pandemic, the Board of Directors have not recommended the final dividend. As such, the interim dividend shall be the final dividend for the financial year 2019-20.

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

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

Nil

d. Details of shareholders holding more than 5% equity shares in the Company

Details of shareholding	As at March 31, 2020		As at March 31, 2019	
Name of the shareholder	**Number of shares**	**% holding**	**Number of shares**	**% holding**
Equity shares of Rs. 10/- each				
Shriram Capital Limited	59,504,947	26.23%	59,173,023	26.08%
Piramal Enterprises Limited	Nil	Nil	22,600,000	9.96%

e. Refer note 51- Capital management for the Company's objectives, policies and processes for managing capital

f. Proposed dividends on equity shares:

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Proposed dividend on equity shares for the year ended on March 31, 2020: Rs. Nil per share (March 31, 2019: Rs. 7.00 per share)	-	158.82
Tax on proposed dividend	-	32.65
Total	**-**	**191.47**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 31: Other equity **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Statutory reserve (Pursuant to Section 45-IC of The RBI Act, 1934)		
Opening Balance	3,168.55	2,654.55
Add: Transfer from retained earnings	500.38	514.00
Closing balance	3,668.93	**3,168.55**
Securities premium account	1,754.81	**1,754.81**
Capital reserve	27.62	27.62
Add: Transfer from share forfeiture account	0.02	-
Add: On account of sale of subsidiary	-	-
Closing balance	27.64	**27.62**
Capital redemption Reserve	53.88	**53.88**
Debenture redemption Reserve		
Opening Balance	374.62	216.59
Add: Transfer from retained earnings	345.26	251.47
Less: Transfer to retained earnings on account of redemption	(109.47)	
Less: Transfer to general reserve on account of redemption	-	(93.44)
Closing balance	**610.41**	**374.62**
General reserve		
Opening Balance	2,164.35	1,813.91
Add: Transfer from retained earnings	250.19	257.00
Add: Transfer from debenture redemption reserve	-	93.44
Closing balance	**2,414.54**	**2,164.35**
Other comprehensive income		
Opening balance	(4.83)	(2.41)
Add: Other comprehensive income / (loss) for the year (net of tax)	(4.74)	(2.32)
Add: Share of other comprehensive income from associates (net of tax)	0.25	(0.10)
Closing balance	**(9.32)**	**(4.83)**
Retained earnings		
Opening balance	8,196.85	**6,944.52**
Add: Profit for the current year	2,512.27	2,575.68
Add / Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(500.38)	(514.00)
Transfer to general reserve	-	(257.00)
Transfer to/from debenture redemption reserve	(235.79)	(251.47)
Interim dividend	(113.44)	(113.44)
Tax on interim dividend	(23.32)	(23.32)
Final dividend	(158.82)	(136.14)
Tax on final dividend	(32.64)	(27.98)
Total appropriations	**(1,314.58)**	**(1,323.35)**
Retained earnings	**9,394.54**	**8,196.85**
Total	**17,915.43**	**15,735.85**

Nature and purpose of reserves

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Capital reserve: Capital reserve is the excess of net assets taken over cost of consideration paid during amalgamation.

Capital redemption reserve: The Company has recognised Capital redemption reserve on redemption of non-convertible redeemable preference shares from its retained earnings. The amount in Capital redemption reserve is equal to nominal amount of the non-convertible redeemable preference shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve.

Debenture redemption reserve:

(1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture redemption reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date.

(2) As per the notification G.S.R. 574(E) dated August 16, 2019, the Ministry of Corporate Affairs has amended the Companies (Share Capital & Debentures) Rules, DRR need not be created for debentures issued by a Non-Banking Finance Company subsequent to the notification date. The Company has not created DRR on public issue of non-convertible debentures issued after the date of said notification.

(3) In respect of the debentures issued through public issue, the Company has created DRR of Rs. 345.26 crores (March 31, 2019: Rs. 251.47 crores). The Company subsequent to the year end has deposited a sum of Rs. 15.84 crores (March 31, 2019: Rs. 70.00 crores) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

(4) On redemption of the debentures for which the DRR is created, the amounts no longer necessary to be retained in this account need to be transferred to the Retained earnings.

General reserve: Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Statutory reserve: Every year the Company transfers a of sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial Company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 32: Interest income **(Rs. in crores)**

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total
Interest on loans	15,690.72	-	**15,690.72**	14,945.10	-	**14,945.10**
Interest income from investments	214.53	1.00	**215.53**	182.27	0.98	**183.25**
Interest on deposits with banks						
- Margin money deposit	208.75	-	**208.75**	159.78	-	**159.78**
- Deposits with banks	66.95	-	**66.95**	4.08	-	**4.08**
Other interest income						
- delayed payments by customers	60.52	-	**60.52**	33.88	-	**33.88**
- unwinding of security deposit	3.05	-	**3.05**	0.46	-	**0.46**
- direct assignment	21.94	-	**21.94**	9.14	-	**9.14**
Total	**16,266.46**	**1.00**	**16,267.46**	**15,334.71**	**0.98**	**15,335.69**

Note 33: Fee and commission income **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Income from loan related services	73.53	55.30
Income from commission services- life insurance	20.39	23.67
Income from commission services- general insurance	63.58	40.80
Income from commission services- others	37.47	6.83
Total	**194.97**	**126.60**

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to statement of profit and loss

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Type of services or service		
Fee and commission income	194.97	126.60
Total revenue from contract with customers	**194.97**	**126.60**
Geographical markets		
India	194.97	126.60
Outside India	-	-
Total revenue from contract with customers	**194.97**	**126.60**
Timing of revenue recognition		
Services transferred at a point in time	194.97	126.60
Services transferred over time	-	-
Total revenue from contracts with customers	**194.97**	**126.60**

Contract balance **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Trade receivables	10.50	8.48
Contract assets	-	-

The Company does not have any contract assets or liability, hence disclosures related to it has not been presented.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 34: Net gain/ (loss) on fair value changes **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	-	-
- Derivatives	-	-
- Others	-	-
(ii) On financial instruments designated at fair value through profit or loss	-	-
(B) Others:		
- Investment in shares, venture capital fund and mutual funds	(0.87)	0.52
- Derivatives	(5.88)	(3.10)
Total Net gain/(loss) on fair value changes (C)	**(6.75)**	**(2.58)**
Fair value changes:		
- Realised	-	-
- Unrealised	(6.75)	(2.58)
Total Net gain/(loss) on fair value changes (D)	**(6.75)**	**(2.58)**

Note 35: Other operating income **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Bad debt recovery	80.73	24.17
Short term capital gain on sale of mutual funds and certificate of deposits	18.79	37.48
Total	**99.52**	**61.65**

Note 36: Other income **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Interest on income tax refund	5.80	6.66
Profit on sale of assets	1.17	-
Miscellaneous income	13.30	20.85
Total	**20.27**	**27.51**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 37: Finance costs **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
On financial liabilities measured at amortised cost		
Interest on deposits	973.80	841.66
Interest on borrowings (other than debt securities)		
- Loans from banks	1,251.44	1,392.08
- Loans from institutions and others	217.98	298.06
- External commercial borrowings	461.83	151.45
- Interest paid on securitisation	1,743.54	1,320.14
Interest on debt securities		
- Debentures	1,950.39	2,257.32
- Senior secured notes	214.37	227.55
- External commercial bond	656.82	27.91
- Commercial paper	104.50	445.20
Interest on subordinated liabilities	661.86	549.89
Other interest expense		
- Interest on lease liability	33.73	-
Total	**8,270.26**	**7,511.26**

Note 38: Fee and commission expense **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Brokerage	9.23	14.78
Professional charges-resource mobilisation	29.29	24.25
Processing charges on loans	1.89	2.20
Professional charges on securitisation	16.47	20.96
Total	**56.88**	**62.19**

Note 39: Impairment of financial instruments **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
On financial instruments measured at amortised cost		
Loans (refer note 62)	2,748.87	2,450.51
Investments	42.22	(0.06)
Others		
Undrawn commitments	4.39	6.71
Other assets	(0.60)	(74.90)
Total	**2,794.88**	**2,382.26**

Note 39: Impairment of financial instruments

The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit and loss based on evaluation stage:

Year ended March 31, 2020 **(Rs. in crores)**

Particulars	General approach			Simplified approach	Total
	Stage 1 collective	Stage 2 collective	Stage 3 collective		
Loans and advances to customers	1,088.82	(20.86)	1,680.91	-	**2,748.87**
Debt instruments measured at amortised cost	23.78	18.44	-	-	**42.22**
Undrawn commitments	4.39	-	-	-	**4.39**
Others	-	-	-	(0.60)	**(0.60)**
Total impairment loss	**1,116.99**	**(2.42)**	**1,680.91**	**(0.60)**	**2,794.88**

Year ended March 31, 2019 **(Rs. in crores)**

Particulars	General approach			Simplified approach	Total
	Stage 1 collective	Stage 2 collective	Stage 3 collective		
Loans and advances to customers	478.90	381.55	1,590.06	-	**2,450.51**
Debt instruments measured at amortised cost	-	-	-	(0.06)	**(0.06)**
Undrawn commitments	6.71	-	-	-	**6.71**
Others	-	-	-	(74.90)	**(74.90)**
Total impairment loss	**485.61**	**381.55**	**1,590.06**	**(74.96)**	**2,382.26**

Note 40: Employee benefits expenses **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Salaries, other allowance and bonus	926.57	814.24
Contribution to provident and other funds	53.72	46.37
Staff welfare expenses	24.99	17.88
Gratuity expenses	5.54	4.57
Total	**1,010.82**	**883.06**

Note 41: Depreciation, amortisation and impairment **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Depreciation of tangible assets	48.62	41.94
Amortisation of intangible assets	1.26	1.03
Lease depreciation	91.17	-
Total	**141.05**	**42.97**

Note 42: Other expenses **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Rent	9.88	105.50
Rates and taxes	2.56	11.55
Energy costs	21.08	18.29
Repairs and maintenance	56.76	45.79
Communication costs	49.17	49.05
Printing and stationery	19.33	13.62
Advertisement and publicity	14.27	15.70
Director’s fees, allowances, and expenses	0.66	0.65
Auditor fees and expenses		
As Auditor:		
- Audit fees	0.88	0.84
- Tax audit fees	0.09	0.09
- Out of pocket	0.04	0.06
In any other manner:		
- Certification	0.08	0.04
Legal and professional charges	58.18	45.82
Other expenditure:		
Travelling and conveyance	123.22	127.54
Business promotion	47.71	43.72
Outsourcing expenses	75.99	42.17
Royalty	180.75	169.45
Insurance	1.38	2.36
Bank charges	43.18	52.54
Loss on sale of investments	0.12	-
Loss on sale of fixed assets (net)	-	0.51
Service charges	45.67	43.49
CSR expenses [Refer note 60]	53.16	40.06
Miscellaneous expenses	59.16	65.23
Total	**863.32**	**894.07**

Note 43: Income Tax

The components of income tax expense for the year ended March 31, 2020 and March 31, 2019 and are:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Current tax	921.20	1,346.37
Adjustment in respect of current income tax of prior years	0.84	(109.82)
Deferred tax relating to origination and reversal of temporary differences	14.79	(22.27)
Total tax charge	**936.83**	**1,214.28**
Current tax	922.04	1,236.55
Deferred tax	14.79	(22.27)

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate. During the year, the Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section. Accordingly, total benefit derived by the Company on adoption of new tax rate is Rs. 357.44 crores in current tax and reversal of Rs. 21.18 crores in deferred tax asset for the year ended March 31, 2020.

A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019 is, as follows:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Accounting profit before tax	3,438.67	3,778.27
At India's statutory income tax rate of 25.168% (2019: 34.944%)	865.44	1,320.28
Adjustment in respect of current income tax of prior years	0.84	(109.82)
Income subject to tax at special rate		
Long term capital gain on sale of property	(0.07)	-
Income not subject to tax		
Others	-	(11.51)
Non-deductible expenses		
Corporate social responsibility expenditure not allowable for tax purpose	13.38	0.55
Deduction under chapter VIA of the Income Tax Act, 1961 (section 80G)	-	6.37
Reversal of deferred tax no longer required	26.25	-
Reversal of deferred tax asset on account of adoption of new Income Tax rate	21.18	-
Others	9.81	8.41
Income tax expense reported in the statement of profit and loss	**936.83**	**1,214.28**

The effective income tax rate for March 31, 2020 is 27.24% (March 31, 2019: 32.14%).

Note 43: Income Tax
Deferred tax
The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(Rs. in crores)

Particulars	**Deferred tax assets**	**Deferred tax liabilities**	**Income statement**	**OCI**
	As at March 31, 2020	**As at March 31, 2020**	**Year ended March 31, 2020**	**Year ended March 31, 2020**
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	19.45	-	(2.65)	-
Provision for post retirement benefits	9.42	-	(0.56)	(1.59)
Expenses allowable for tax purposes when paid	25.45	-	-	-
Reversal of deferred tax no longer required	-	-	26.25	-
EIR impact on debt instrument in the nature of borrowings measured at amortised cost	-	14.21	(13.10)	-
Impairment allowance for undrawn commitments	10.05	-	(7.09)	-
Fair valuation of derivative financial instrument	-	1.48	-	-
Right-of-use assets	8.80	-	(4.78)	-
Reversal of deferred tax asset on account of adoption of new Income Tax rate	-	-	21.18	-
Other temporary differences	5.02	-	(4.45)	-
Total	**78.19**	**15.69**	**14.79**	**(1.59)**

(Rs. in crores)

Particulars	**Deferred tax assets**	**Deferred tax liabilities**	**Income statement**	**OCI**
	As at March 31, 2019	**As at March 31, 2019**	**Year ended March 31, 2019**	**Year ended March 31, 2019**
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	23.52	-	(3.05)	-
Provision for post retirement benefits	10.05	-	(0.75)	(1.24)
Expenses allowable for tax purposes when paid	35.34	-	1.25	-
EIR impact on debt instrument in the nature of advances measured at amortised cost	36.44	-	24.68	-
EIR impact on debt instrument in the nature of borrowings measured at amortised cost	-	37.91	(37.49)	-
Impairment allowance for undrawn commitments	4.11	-	(2.35)	-
Fair valuation of derivative financial instrument	-	2.06	(1.08)	-
Other temporary differences	6.23	0.02	(3.48)	-
Total	**115.69**	**39.99**	**(22.27)**	**(1.24)**

Note 43: Income Tax

Amounts recognised in respect of current tax / deferred tax directly in equity:

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts recognised in respect of current tax / deferred tax directly in equity	-	-

Tax losses

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Unused tax losses for which no deferred tax asset has been recognised	-	-

Note 44: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Net Profit after tax as per Statement of Profit and Loss (Rs. in crores) **(A)**	2,512.27	2,575.68
Weighted average number of equity shares for calculating basic EPS (in crores) **(B)**	22.69	22.69
Weighted average number of equity shares for calculating diluted EPS (in crores) **(C)**	22.69	22.69
Basic earnings per equity share (in Rupees) (face value of Rs. 10/- per share) **(A) / (B)**	110.73	113.52
Diluted earnings per equity share (in Rupees) (face value of Rs. 10/- per share) **(A) / (C)**	110.73	113.52

Note 45: Investment in associates and structured entities

Associate of the Company is:

Name of the associate	Country of incorporation	Principal place of business	Principal activities	% equity interest March 31, 2020	% equity interest March 31, 2019
Shriram Automall India Limited (SAMIL)	India	New Delhi	Market leader in physical bidding for acquisition and disposal of pre-owned vehicles and equipment.	44.56%	44.56%

The Company has recognised its investment in associate under equity method and not adjusted to fair value at the end of each reporting period.

The Company's share in the associate is as follows:

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) share in profit or loss from continuing operations.	10.43	11.69
(b) share in post-tax profit or loss from discontinued operations.	-	-
(c) share in other comprehensive income.	0.25	(0.10)
(d) share in total comprehensive income.	10.68	11.59

Note 46: Retirement benefit plan

a) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of trustees.

The Company makes Provident fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 41.06 crores (March 31, 2019: Rs. 31.96 crores) for Provident fund contributions and Rs. 12.54 crores (March 31, 2019: Rs. 14.30 crores) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary. The fund is managed by third party fund managers.

Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides contribution to be made by the Company based on the results of this annual review. The trust is in process of investing entire funds in government securities through third party fund managers and as on March 31, 2020, 82 % funds are invested in government securities and balance 18% funds are invested in other equity and debt instruments. The Board of Trustees aim to keep annual contributions of the Company relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows :

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Amounts recognised in statement of profit and loss in respect of defined benefit plans are as follows :		
Current service cost	5.45	4.72
Interest expense	3.78	3.22
Interest Income	(3.68)	(3.37)
Past service cost	-	-
Components of defined benefit costs recognised in profit or loss (A)	**5.55**	**4.57**
Remeasurement of gains/(losses) in other comprehensive income :		
Return on plan assets (excluding amounts included in net interest expense)	(1.18)	0.74
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	4.80	0.56
Experience adjustments	2.71	2.26
Components of defined benefit costs recognised in other comprehensive income (B)	**6.33**	**3.56**
Total (A+B)	**11.88**	**8.13**

Movement in the present value of the defined benefit obligation are as follows :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Change in the obligation during the year ended		
Present value of defined obligation at the beginning of the year	49.43	41.30
Expenses recognised in statement of profit and loss :		
Current service cost	5.45	4.72
Interest expense/(income)	3.78	3.22
Recognised in other comprehensive income remeasurement gains/(losses)	7.51	2.83
Past service cost	-	-
Liability transferred in/acquisitions	-	0.09
Benefits paid from the fund	(2.92)	(2.73)
Present value of defined obligation at the end of the year	**63.25**	**49.43**

Change in the Fair value of plan assets :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Fair value of plan assets at the beginning of the year	48.15	43.23
Interest income	3.68	3.37
Contributions by the employer	9.79	5.02
Benefits paid from the fund	(2.92)	(2.73)
Return on plan assets excluding interest income	1.18	(0.74)
Fair value of plan assets at the end of the year	**59.88**	**48.15**

Calculation of benefit liability/(asset) :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Defined benefit obligation	63.25	49.43
Fair value of plan assets	59.88	48.15
Benefit liability	**3.37**	**1.28**

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	As at March 31, 2020	**As at March 31, 2019**
Expected return on plan assets	6.56%	7.64%
Rate of discounting	6.56%	7.64%
Expected rate of salary increase	5.00%	5.00%
Rate of employee turnover	For service 4 years and below 20.00% p.a. and for service 5 years and above 7.50% p.a.	For service 4 years and below 20.00% p.a. and for service 5 years and above 7.50% p.a.
Mortality rate during employment	Indian Assured Lives mortality	Indian Assured Lives mortality
Mortality rate after employment	N.A.	N.A.

Investments quoted in active markets: **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Investment funds	59.88	48.15
Total	**59.88**	**48.15**

(Rs. in crores)

Assumptions	**Sensitivity level**	**Impact on defined benefit obligation March 31, 2020**	**Impact on defined benefit obligation March 31, 2019**
Discount rate	1% increase	(4.47)	(3.32)
	1% decrease	5.14	3.81
Future salary increases	1% increase	5.10	3.81
	1% decrease	(4.51)	(3.37)
Attrition rate	1% increase	0.49	0.72
	1% decrease	(0.57)	(0.82)

(Rs. in crores)

Expected payment for future years	**As at March 31, 2020**	**As at March 31, 2019**
Within the next 12 months (next annual reporting period)	6.35	4.99
Between 2 and 5 years	21.74	18.42
Between 5 and 10 years	25.62	21.52
Beyond 10 years	64.26	56.02
Total expected payments	**117.97**	**100.95**

The Company expects to contribute Rs. 10.09 crores to the fund in the next financial year.
The weighted average duration of the defined benefit obligation as at March 31, 2020 is 9 years (March 31, 2019: 9 years)

Asset liability matching strategies

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

c) Compensated Absences

The principal assumptions used in determining obligations for the Company are shown below:

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Rate of discounting	6.56%	7.64%
Expected rate of salary increase	5.00%	5.00%
Rate of employee turnover		
Service 4 years and below	20.00%	20.00%
Service 5 years and above	7.50%	7.50%
Mortality	Indian Assured Lives mortality (2006-08)	Indian Assured Lives mortality (2006-08)

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Expenses recognised in statement of profit and loss	17.94	14.52

The Company has not funded its compensated absences liability and the same continues to remain as unfunded as at March 31, 2020.

The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 47: Maturity analysis of assets and liabilities
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in crores)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,088.99	-	**3,088.99**	1,029.14	-	**1,029.14**
Bank balance other than above	4,204.15	21.78	**4,225.93**	2,233.05	719.28	**2,952.33**
Derivative financial instruments	758.73	-	**758.73**	21.72	-	**21.72**
Receivables						
(I) Trade receivables	10.50	-	**10.50**	8.48	-	**8.48**
(II) Other receivables	5.64	-	**5.64**	19.94	-	**19.94**
Loans	28,287.31	73,944.32	**102,231.63**	36,655.28	60,096.21	**96,751.49**
Investments	361.47	2,574.16	**2,935.63**	2,011.10	2,114.44	**4,125.54**
Other financial assets	-	45.15	**45.15**	-	36.88	**36.88**
Non-financial Assets						
Current tax asset	-	249.10	**249.10**	-	106.58	**106.58**
Deferred tax assets (net)	-	62.50	**62.50**	-	75.70	**75.70**
Investment property	-	2.03	**2.03**	-	2.06	**2.06**
Property, plant and equipment	-	149.88	**149.88**	-	143.46	**143.46**
Right-of-use assets	-	327.84	**327.84**	-	-	**-**
Other intangible assets	-	2.67	**2.67**	-	1.97	**1.97**
Other non-financial assets	44.10	125.47	**169.57**	62.00	81.66	**143.66**
Total assets	**36,760.89**	**77,504.90**	**114,265.79**	**42,040.71**	**63,378.24**	**105,418.95**
Liabilities						
Financial Liabilities						
Derivative financial liabilities	-	-	**-**	83.42	-	**83.42**
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.40	-	**0.40**	-	-	**-**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	143.44	-	**143.44**	133.46	-	**133.46**
(II) Other payables			**-**			**-**
(i) total outstanding dues of micro enterprises and small enterprises	-	-	**-**	-	-	**-**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.13	-	**1.13**	2.72	-	**2.72**
Debt securities	6,484.83	27,782.13	**34,266.96**	13,044.83	21,136.93	**34,181.76**
Borrowings (other than debt securities)	16,550.38	25,924.22	**42,474.60**	17,820.26	19,369.04	**37,189.30**
Deposits	2,857.28	9,102.84	**11,960.12**	2,479.79	7,861.67	**10,341.46**
Subordinated liabilities	1,114.07	4,556.00	**5,670.07**	670.20	5,531.68	**6,201.88**
Other financial liabilities	787.82	124.50	**912.32**	1,001.43	15.05	**1,016.48**
Lease liabilities	80.97	281.84	**362.81**	-	-	**-**
Non-financial Liabilities						
Current tax liabilities (net)	102.02	-	**102.02**	102.97	-	**102.97**
Provisions	112.27	34.06	**146.33**	107.57	25.69	**133.26**
Other non-financial liabilities	83.28	-	**83.28**	-	69.49	**69.49**
Total Liabilities	**28,317.89**	**67,805.59**	**96,123.48**	**35,446.65**	**54,009.55**	**89,456.20**
Net	**8,443.00**	**9,699.31**	**18,142.31**	**6,594.06**	**9,368.69**	**15,962.75**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 48: Change in liabilities arising from financing activities

(Rs. in crores)

Particulars	**As at March 31, 2019**	**Cash flows**	**Changes in fair value**	**Exchange difference**	**Other**	**As at March 31, 2020**
Debt securities	34,181.76	(831.77)	-	-	916.97	34,266.96
Borrowings (other than debt securities)	37,189.30	5,139.66	-	-	145.64	42,474.60
Deposits	10,341.46	1,619.31	-	-	(0.65)	11,960.12
Subordinated liabilities	6,201.88	(573.50)	-	-	41.69	5,670.07
Lease liabilities	-	110.46	-	-	252.35	362.81
Total liabilities from financing activities	**87,914.40**	**5,464.16**	**-**	**-**	**1,356.00**	**94,734.56**

(Rs. in crores)

Particulars	**As at March 31, 2018**	**Cash flows**	**Changes in fair value**	**Exchange difference**	**Other**	**As at March 31, 2019**
Debt securities	32,432.62	1,984.43	-	-	(235.29)	34,181.76
Borrowings (other than debt securities)	36,108.54	402.56	-	-	678.20	37,189.30
Deposits	8,597.75	1,733.21	-	-	10.50	10,341.46
Subordinated liabilities	4,991.94	1,431.63	-	-	(221.69)	6,201.88
Total liabilities from financing activities	**82,130.85**	**5,551.83**	**-**	**-**	**231.72**	**87,914.40**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Note 49: Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

(Rs. in crores)

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	In respect of Income tax demands where the Company and its associate have filed appeal before various authorities	133.80	78.79
b.	VAT demand where the Company and its associate have filed appeal before various appellates	117.54	125.16
c.	Service tax demands where the Company and its associate have filed appeal before various authorities	326.21	198.53
d.	Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	5.00	-
	Total	**582.55**	**402.48**

Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. It is not practicable for the Company and its associate to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings. The Company and its associate do not expect any reimbursement in respect of the above contingent liabilities. The Company and its associate are of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the financial position and results of operations of the Company and its associate.

Disputed income tax demands are on account of royalty, disallowance of ESOP expenses, 14A, derivatives etc.

(B) Commitments not provided for

(Rs. in crores)

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Estimated amount of contracts remaining to be executed on capital account, net of advances	4.15	5.78
b.	Commitments related to loans sanctioned but undrawn	311.87	471.92

(C) Lease arrangements

As a lessee
Lease :
Future minimum lease payments under non-cancellable leases as at March 31, 2019 are as follows:

(Rs. in crores)

Particulars	As at March 31, 2019
Within one year	30.95
After one year but not more than five years	95.17
More than five years	29.99
Total	**156.11**

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach, recognising right-of-use assets and adjusted lease liability. As per Ind AS 116, lease commitments are recognised as lease liability and need not be disclosed under contingent liabilities and commitments.

Note 50: Related party disclosures

Relationship	Name of the party
I Promoter	: Shriram Capital Limited
II Promoter group	: Shriram Ownership Trust Shriram Financial Ventures (Chennai) Private Limited Shriram Value Services Limited Novac Technology Solutions (P) Limited Shriram Fortune Solutions Limited Shriram General Insurance Company Limited Shriram Insight Share Brokers Limited Shriram Life Insurance Company Limited Shriram Asset Management Company Limited Shriram Financial Products Solutions (Chennai) Private Limited Insight Commodities and Futures Private Limited Shriram Credit Company Limited Shriram Overseas Investments Private Limited Shriram Wealth Advisors Limited Bharath Investments Pte. Ltd., Singapore SGI Philippines General Insurance Co. Inc. Novac Digital Service Private Limited (from May 20, 2019)
III Associates	Shriram Automall India Limited (SAMIL) Cartradeexchange Solutions Private Limited Adroit Inspection Service Private Limited Augeo Asset Management Private Limited (w.e.f. January 08, 2020)
IV Key Management Personnel	: Mr. Umesh Revankar, Managing Director & CEO Mr. Amitabh Chaudhry (upto October 25, 2018) Mr. S. Lakshminarayanan Mrs. Kishori Udeshi Mr. S. Sridhar Mr. Sumatiprasad M Bafna (upto March 31, 2019) Mr. Pradeep Kumar Panja (from October 25, 2018) Mr. D. V. Ravi Mr. Puneet Bhatia Mr. Ignatius Michael Viljoen (from May 14, 2019) Mr. Gerrit Lodewyk Van Heerde (upto May 08, 2019)
V Relatives of Key Management Personnel	: Mrs. Suchita U. Revankar (spouse of Managing Director & CEO) Mr. Shreyas U. Revankar (son of Managing Director & CEO) Mrs. Geeta G. Revankar (mother of Managing Director & CEO) Mr. Anil G. Revankar (brother of Managing Director & CEO) Mr. Shirish U. Revankar (son of Managing Director & CEO)
VI Employees' benefit plan	Shriram Transport Finance Co. Ltd. Employees Group Gratuity Assurance Scheme

Summary of related party transactions

(Rs. in Crores)

Particulars	**Promoter**		**Promoter group**		**Associates**		**Employees' benefit plan**		**Key management personnel**		**Relative of key management personnel**		**Total**	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Payments/Expenses														
Payment to key management personnel	-	-	-	-	-	-	-	-	1.76	1.26	-	-	**1.76**	**1.26**
Royalty	-	-	169.69	155.46	-	-	-	-	-	-	-	-	**169.69**	**155.46**
Service charges	41.90	39.90	-	-	-	-	-	-	-	-	-	-	**41.90**	**39.90**
I.T & BPO charges	-	-	68.88	38.00	-	-	-	-	-	-	-	-	**68.88**	**38.00**
Rent	0.78	-	0.02	0.02	7.04	4.44	-	-	-	-	-	-	**7.84**	**4.46**
Business mobilisation expenses	-	-	-	-	0.04	1.47	-	-	-	-	-	-	**0.04**	**1.47**
Other administrative expenses	0.04	-	-	-	11.11	0.82	-	-	-	-	-	-	**11.15**	**0.82**
Insurance premium	-	-	8.91	7.60	-	-	-	-	-	-	-	-	**8.91**	**7.60**
Commission	-	-	34.97	41.74	-	-	-	-	-	-	-	-	**34.97**	**41.74**
Sales promotion	-	-	1.92	1.61	-	-	-	-	-	-	-	-	**1.92**	**1.61**
Valuation charges	-	-	-	-	0.09	-	-	-	-	-	-	-	**0.09**	**-**
Interest	0.26	0.38	53.74	52.66	2.97	2.36	-	-	0.33	0.17	0.01	0.01	**57.32**	**55.59**
Equity dividend	71.17	65.09	-	-	-	-	-	-	-	-	0.00	0.00	**71.17**	**65.09**
Non-convertible debenture matured	-	-	80.11	1.60	-	-	-	-	-	-	-	0.01	**80.11**	**1.61**
Fixed deposit matured	-	-	14.00	-	-	-	-	-	-	-	0.01	0.03	**14.01**	**0.03**
Subordinated debt matured	1.72	0.54	45.00	7.07	1.39	1.15	-	-	-	-	-	0.01	**48.11**	**8.77**
Unsecured loan and advances	-	-	-	-	-	7.86	-	-	-	-	-	-	**-**	**7.86**
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	9.79	5.01	-	-	-	-	**9.79**	**5.01**
Inter corporate deposit repaid	74.00	-	-	-	51.50	28.35	-	-	-	-	-	-	**125.50**	**28.35**
Receipts/Income														
Common sharing expenses	0.01	0.01	1.17	1.16	0.65	0.52	-	-	-	-	-	-	**1.83**	**1.70**
Rent & electricity	0.15	0.18	-	-	4.64	4.14	-	-	-	-	-	-	**4.79**	**4.32**
Other administrative expenses	-	-	-	-	0.14	2.55	-	-	-	-	-	-	**0.14**	**2.55**
Commission	-	-	79.11	61.08	-	-	-	-	-	-	-	-	**79.11**	**61.08**
Sale of Trade mark - Shriram Automall India Limited	-	-	-	-	-	0.06	-	-	-	-	-	-	**-**	**0.06**
Subordinated debt	-	-	-	25.00	-	-	-	-	-	-	-	-	**-**	**25.00**
Non-convertible debenture	-	-	2.86	11.74	-	-	-	-	0.10	2.00	-	-	**2.96**	**13.74**
Fixed deposit	-	-	1.50	14.00	-	-	-	-	-	0.50	0.05	0.03	**1.55**	**14.53**
Unsecured loan and advances repaid	-	-	-	-	14.44	7.41	-	-	-	-	-	-	**14.44**	**7.41**
Inter corporate deposit received	74.00	-	-	-	63.40	25.95	-	-	-	-	-	-	**137.40**	**25.95**

Summary of related party transactions

(Rs. in Crores)

Particulars	**Promoter**		**Promoter group**		**Associates**		**Employees' benefit plan**		**Key management personnel**		**Relative of key management personnel**		**Total**	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Balance outstanding at the year end														
Share capital	59.55	59.17	-	-	-	-	-	-	-	-	0.00	0.00	**59.56**	**59.17**
Investment in equity shares	-	-	-	-	150.52	139.84	-	-	-	-	-	-	**150.52**	**139.84**
Unsecured loan and advances receivable	-	-	-	-	-	0.58	-	-	-	-	-	-	**-**	**0.58**
Unsecured loan and advances payable	-	-	-	-	0.41	-	-	-	-	-	-	-	**0.41**	**-**
Rent receivable	-	0.01	-	0.02	-	-	-	-	-	-	-	-	**-**	**0.03**
Commission receivable	-	-	9.56	7.65	-	-	-	-	-	-	-	-	**9.56**	**7.65**
Commission payable	-	-	-	2.62	-	-	-	-	-	-	-	-	**-**	**2.62**
Prepaid for insurance premium	-	-	2.84	2.15	-	-	-	-	-	-	-	-	**2.84**	**2.15**
Outstanding expenses	10.43	10.78	44.13	43.01	-	-	-	-	-	-	-	-	**54.55**	**53.78**
Fixed deposit	-	-	1.55	14.99	-	-	-	-	1.45	1.34	0.13	0.08	**3.13**	**16.41**
Subordinated debt	0.41	3.14	422.19	470.39	2.76	2.79	-	-	-	-	-	-	**425.37**	**476.32**
Non-convertible debenture	-	-	15.12	95.01	22.77	-	-	-	2.61	2.30	-	-	**40.50**	**97.30**
Expenses recoverable	-	0.00	-	0.21	-	-	-	-	-	-	-	-	**-**	**0.21**
Inter corporate deposit	-	-	-	-	39.42	26.38	-	-	-	-	-	-	**39.42**	**26.38**

Income /expenses are presented excluding GST
Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Breakup of related party transactions (Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Payments/Expenses														
Employee benefits for key management personnel														
- Short term benefits	-	-	-	-	-	-	-	-	0.97	0.53	-	-	**0.97**	**0.53**
- Post employment benefits	-	-	-	-	-	-	-	-	0.19	0.14	-	-	**0.19**	**0.14**
Commission & sitting fee paid to directors														
- Mr. Amitabh Chaudhry	-	-	-	-	-	-	-	-	0.04	0.10	-	-	**0.04**	**0.10**
- Mr. S. Lakshminarayanan	-	-	-	-	-	-	-	-	0.12	0.12	-	-	**0.12**	**0.12**
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	0.14	0.12	-	-	**0.14**	**0.12**
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	0.10	0.12	-	-	**0.10**	**0.12**
- Mr. Sumatiprasad M. Bafna	-	-	-	-	-	-	-	-	0.09	0.11	-	-	**0.09**	**0.11**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.11	0.02	-	-	**0.11**	**0.02**
License Fees														
- Shriram Ownership Trust	-	-	82.81	155.46	-	-	-	-	-	-	-	-	**82.81**	**155.46**
- Shriram Value Services Limited	-	-	86.87	-	-	-	-	-	-	-	-	-	**86.87**	**-**
Service charges to Shriram Capital Limited	41.90	39.90	-	-	-	-	-	-	-	-	-	-	**41.90**	**39.90**
Voice Call services														
- Shriram Value Services Limited	-	-	21.26	38.00	-	-	-	-	-	-	-	-	**21.26**	**38.00**
- Novac Technology Solutions (P) Ltd.	-	-	7.43	-	-	-	-	-	-	-	-	-	**7.43**	**-**
I.T & BPO charges to Novac Technology Solutions (P) Ltd.	-	-	40.18	-	-	-	-	-	-	-	-	-	**40.18**	**-**
Rent														
- Shriram Automall India Limited	-	-	-	-	7.04	4.44	-	-	-	-	-	-	**7.04**	**4.44**
- Shriram Capital Limited	0.78	-	-	-	-	-	-	-	-	-	-	-	**0.78**	**-**
- Shriram Asset Management Company Limited	-	-	0.02	0.02	-	-	-	-	-	-	-	-	**0.02**	**0.02**
Business mobilisation expenses - Shriram Automall India Limited	-	-	-	-	0.04	1.47	-	-	-	-	-	-	**0.04**	**1.47**
Other administrative expenses														
- Shriram Capital Limited	0.04	-	-	-	-	-	-	-	-	-	-	-	**0.04**	**-**
- Shriram Automall India Limited	-	-	-	-	11.11	0.82	-	-	-	-	-	-	**11.11**	**0.82**
Insurance premium														
- Shriram Life Insurance Company Limited	-	-	5.63	5.30	-	-	-	-	-	-	-	-	**5.63**	**5.30**
- Shriram General Insurance Company Limited	-	-	3.28	2.30	-	-	-	-	-	-	-	-	**3.28**	**2.30**
Commission														
- Shriram Fortune Solutions Limited	-	-	26.03	33.92	-	-	-	-	-	-	-	-	**26.03**	**33.92**
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	3.31	2.29	-	-	-	-	-	-	-	-	**3.31**	**2.29**
- Shriram Insight Share Brokers Limited	-	-	5.63	5.53	-	-	-	-	-	-	-	-	**5.63**	**5.53**
Sales promotion														
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	0.75	0.45	-	-	-	-	-	-	-	-	**0.75**	**0.45**
- Shriram Insight Share Brokers Limited	-	-	1.17	1.16	-	-	-	-	-	-	-	-	**1.17**	**1.16**
Interest on Inter corporate Deposit														
- Shriram Automall India Limited	-	-	-	-	2.34	1.99	-	-	-	-	-	-	**2.34**	**1.99**
- Shriram Capital Limited	0.17	-	-	-	-	-	-	-	-	-	-	-	**0.17**	**-**

Breakup of related party transactions (Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Valuation charges paid to - Adroit Inspection Service Private Limited	-	-	-	-	0.09	-	-	-	-	-	-	-	**0.09**	-
Interest on fixed deposit														
- Key management personnel	-	-	-	-	-	-	-	-	0.11	0.09	-	-	**0.11**	**0.09**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.01	0.01	**0.01**	**0.01**
- Shriram Fortune Solutions Limited	-	-	0.38	0.99	-	-	-	-	-	-	-	-	**0.38**	**0.99**
- Shriram Asset management Company Limited	-	-	0.05	-	-	-	-	-	-	-	-	-	**0.05**	-
Interest on subordinated debt														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.00	-	**0.00**
- Shriram Automall India Limited	-	-	-	-	0.44	0.37	-	-	-	-	-	-	**0.44**	**0.37**
- Shriram Capital Limited	0.09	0.38	-	-	-	-	-	-	-	-	-	-	**0.09**	**0.38**
- Shriram Asset Management Company Limited	-	-	-	0.70	-	-	-	-	-	-	-	-	-	**0.70**
- Shriram Life Insurance Company Limited	-	-	9.53	7.69	-	-	-	-	-	-	-	-	**9.53**	**7.69**
- Shriram General Insurance Company Limited	-	-	37.17	34.76	-	-	-	-	-	-	-	-	**37.17**	**34.76**
Interest on non-convertible debenture														
- Key management personnel														
- Mr.Umesh Revankar	-	-	-	-	-	-	-	-	0.20	0.08	-	-	**0.20**	**0.08**
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	0.01	0.00	-	-	**0.01**	**0.00**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.02	0.00	-	-	**0.02**	**0.00**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.00	-	**0.00**
- Shriram Life Insurance Company Limited	-	-	4.18	5.85	-	-	-	-	-	-	-	-	**4.18**	**5.85**
- Shriram General Insurance Company Limited	-	-	1.32	2.21	-	-	-	-	-	-	-	-	**1.32**	**2.21**
- Shriram Asset Management Company Limited	-	-	1.10	0.46	-	-	-	-	-	-	-	-	**1.10**	**0.46**
- Shriram Insight Share Brokers Limited	-	-	0.00	0.00	-	-	-	-	-	-	-	-	**0.00**	**0.00**
- Shriram Automall India Limited	-	-	-	-	0.19	-	-	-	-	-	-	-	**0.19**	-
Equity dividend														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.00	0.00	**0.00**	**0.00**
- Shriram Capital Limited	71.17	65.09	-	-	-	-	-	-	-	-	-	-	**71.17**	**65.09**
Non-convertible debenture matured														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.01	-	**0.01**
- Shriram Life Insurance Company Limited	-	-	58.90	1.60	-	-	-	-	-	-	-	-	**58.90**	**1.60**
- Shriram General Insurance Company Limited	-	-	21.10	-	-	-	-	-	-	-	-	-	**21.10**	-
- Shriram Insight Share Brokers Limited	-	-	0.11	-	-	-	-	-	-	-	-	-	**0.11**	-
Fixed deposit matured														
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.01	0.03	**0.01**	**0.03**
- Shriram Fortune Solutions Limited	-	-	14.00	-	-	-	-	-	-	-	-	-	**14.00**	-
Subordinated debt matured														
-Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.01	-	**0.01**
- Shriram Capital Limited	1.72	0.54	-	-	-	-	-	-	-	-	-	-	**1.72**	**0.54**
- Shriram Automall India Limited	-	-	-	-	1.39	1.15	-	-	-	-	-	-	**1.39**	**1.15**
- Shriram Asset Management Company Limited	-	-	-	7.07	-	-	-	-	-	-	-	-	-	**7.07**
- Shriram General Insurance Company Limited	-	-	45.00	-	-	-	-	-	-	-	-	-	**45.00**	-

Breakup of related party transactions **(Rs. in Crores)**

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unsecured loan and advances received - Shriram Automall India Limited	-	-	-	-	-	7.86	-	-	-	-	-	-	**-**	**7.86**
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	9.79	5.01	-	-	-	-	**9.79**	**5.01**
Inter corporate deposit repaid														
- Shriram Automall India Limited	-	-	-	-	51.50	28.35	-	-	-	-	-	-	**51.50**	**28.35**
- Shriram Capital Limited	74.00	-	-	-	-	-	-	-	-	-	-	-	**74.00**	**-**
TOTAL	**189.87**	**105.91**	**477.24**	**305.76**	**74.15**	**46.46**	**9.79**	**5.01**	**2.10**	**1.43**	**0.02**	**0.06**	**753.17**	**464.63**
Receipts/Income														
Recovery of common sharing expenses														
- Shriram Automall India Limited	-	-	-	-	0.58	0.52	-	-	-	-	-	-	**0.58**	**0.52**
- Shriram Capital Limited	0.01	0.01	-	-	-	-	-	-	-	-	-	-	**0.01**	**0.01**
- Shriram Asset Management Company Limited	-	-	0.06	0.06	-	-	-	-	-	-	-	-	**0.06**	**0.06**
- Shriram Insight Share Brokers Limited	-	-	0.03	0.03	-	-	-	-	-	-	-	-	**0.03**	**0.03**
- Shriram Fortune Solutions Limited	-	-	1.08	1.07	-	-	-	-	-	-	-	-	**1.08**	**1.07**
- Adroit Inspection Service Private Limited	-	-	-	-	0.07	0.00	-	-	-	-	-	-	**0.07**	**0.00**
Rent & electricity														
- Shriram Capital Limited	0.15	0.18	-	-	-	-	-	-	-	-	-	-	**0.15**	**0.18**
- Shriram Automall India Limited	-	-	-	-	4.64	4.14	-	-	-	-	-	-	**4.64**	**4.14**
Other administrative expenses														
- Shriram Automall India Limited	-	-	-	-	0.14	2.55	-	-	-	-	-	-	**0.14**	**2.55**
Commission														
- Shriram General Insurance Company Limited	-	-	58.71	37.41	-	-	-	-	-	-	-	-	**58.71**	**37.41**
- Shriram Life Insurance Company Limited	-	-	20.39	23.68	-	-	-	-	-	-	-	-	**20.39**	**23.68**
Sale of Trade mark - Shriram Automall India Limited	-	-	-	-	-	0.06	-	-	-	-	-	-	**-**	**0.06**
Subordinated debt														
- Shriram Life Insurance Company Limited	-	-	-	25.00	-	-	-	-	-	-	-	-	**-**	**25.00**
Non-convertible debenture														
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
- Mr. Umesh Revankar	-	-	-	-	-	-	-	-	-	2.00	-	-	**-**	**2.00**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.10	-	-	-	**0.10**	**-**
- Shriram Asset Management Company Limited	-	-	2.16	11.73	-	-	-	-	-	-	-	-	**2.16**	**11.73**
- Shriram Insight Share Brokers Limited	-	-	0.70	0.00	-	-	-	-	-	-	-	-	**0.70**	**0.00**
Fixed deposit														
- Key management personnel	-	-	-	-	-	-	-	-	-	0.50	-	-	**-**	**0.50**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.05	0.03	**0.05**	**0.03**
- Shriram Fortune Solutions Limited	-	-	-	14.00	-	-	-	-	-	-	-	-	**-**	**14.00**
- Shriram Asset Management Company Limited	-	-	1.50	-	-	-	-	-	-	-	-	-	**1.50**	**-**
Unsecured loan and advances repaid by														
- Shriram Automall India Limited	-	-	-	-	14.44	7.41	-	-	-	-	-	-	**14.44**	**7.41**
Inter corporate deposit														
- Shriram Automall India Limited	-	-	-	-	63.40	25.95	-	-	-	-	-	-	**63.40**	**25.95**
- Shriram Capital Limited	74.00	-	-	-	-	-	-	-	-	-	-	-	**74.00**	**-**
TOTAL	**74.16**	**0.19**	**84.63**	**112.98**	**83.28**	**40.63**	**-**	**-**	**0.10**	**2.50**	**0.05**	**0.03**	**242.22**	**156.34**

Income /expenses are presented excluding GST
Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Breakup of related party transactions (Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Balance outstanding at the year end														
Share capital														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.00	0.00	**0.00**	**0.00**
- Shriram Capital Limited	59.50	59.17	-	-	-	-	-	-	-	-	-	-	**59.50**	**59.17**
- Shriram Financial Ventures (Chennai) Private Limited	-	-	0.05	-	-	-	-	-	-	-	-	-	**0.05**	**-**
Investment in equity shares														
- Shriram Automall India Limited	-	-	-	-	150.52	139.84	-	-	-	-	-	-	**150.52**	**139.84**
Unsecured loan and advances receivable														
- Shriram Automall India Limited	-	-	-	-	-	0.58	-	-	-	-	-	-	**-**	**0.58**
Unsecured loan and advances payable														
- Shriram Automall India Limited	-	-	-	-	0.41	-	-	-	-	-	-	-	**0.41**	**-**
Rent receivable														
- Shriram Capital Limited	-	0.01	-	-	-	-	-	-	-	-	-	-	**-**	**0.01**
- Shriram Asset Management Company Limited	-	-	-	0.02	-	-	-	-	-	-	-	-	**-**	**0.02**
Commission receivable														
- Shriram General Insurance Company Limited	-	-	7.65	5.26	-	-	-	-	-	-	-	-	**7.65**	**5.26**
- Shriram Life Insurance Company Limited	-	-	1.91	2.40	-	-	-	-	-	-	-	-	**1.91**	**2.40**
Commission payable														
- Shriram Fortune Solutions Limited	-	-	-	2.42	-	-	-	-	-	-	-	-	**-**	**2.42**
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
- Shriram Insight Share Brokers Limited	-	-	-	0.16	-	-	-	-	-	-	-	-	**-**	**0.16**
Prepaid for insurance premium														
- Shriram General Insurance Company Limited	-	-	1.78	1.13	-	-	-	-	-	-	-	-	**1.78**	**1.13**
- Shriram Life Insurance Company Limited	-	-	1.06	1.01	-	-	-	-	-	-	-	-	**1.06**	**1.01**
Outstanding expenses														
- Shriram Capital Limited	10.43	10.78	-	-	-	-	-	-	-	-	-	-	**10.43**	**10.78**
- Shriram Ownership Trust	-	-	-	41.83	-	-	-	-	-	-	-	-	**-**	**41.83**
- Shriram Value Services Limited	-	-	40.07	1.18	-	-	-	-	-	-	-	-	**40.07**	**1.18**
- Novac Technology Solutions (P) Limited	-	-	1.80	-	-	-	-	-	-	-	-	-	**1.80**	**-**
- Shriram Fortune Solutions Limited	-	-	1.27	-	-	-	-	-	-	-	-	-	**1.27**	**-**
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	0.31	-	-	-	-	-	-	-	-	-	**0.31**	**-**
- Shriram Insight Share Brokers Limited	-	-	0.65	-	-	-	-	-	-	-	-	-	**0.65**	**-**
- Shriram Asset Management Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	**0.02**	**-**

Breakup of related party transactions **(Rs. in Crores)**

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Fixed deposit														
- Key management personnel	-	-	-	-	-	-	-	-	1.45	1.34	-	-	**1.45**	**1.34**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.13	0.08	**0.13**	**0.08**
- Shriram Fortune Solutions Limited	-	-	-	14.99	-	-	-	-	-	-	-	-	**-**	**14.99**
- Shriram Asset Management Company Limited	-	-	1.55	-	-	-	-	-	-	-	-	-	**1.55**	**-**
Non-convertible debenture														
- Key management personnel														
- Mr.Umesh Revankar	-	-	-	-	-	-	-	-	2.27	2.08	-	-	**2.27**	**2.08**
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	0.12	0.11	-	-	**0.12**	**0.11**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.22	0.10	-	-	**0.22**	**0.10**
- Shriram Life Insurance Company Limited	-	-	-	61.14	-	-	-	-	-	-	-	-	**-**	**61.14**
- Shriram General Insurance Company Limited	-	-	-	21.67	-	-	-	-	-	-	-	-	**-**	**21.67**
- Shriram Asset Management Company Limited	-	-	14.49	12.19	-	-	-	-	-	-	-	-	**14.49**	**12.19**
- Shriram Insight Share Brokers Limited	-	-	0.63	0.00	-	-	-	-	-	-	-	-	**0.63**	**0.00**
- Shriram Automall India Limited	-	-	-	-	22.77	-	-	-	-	-	-	-	**22.77**	**-**
Subordinated debt														
- Shriram Automall India Limited	-	-	-	-	2.76	2.79	-	-	-	-	-	-	**2.76**	**2.79**
- Shriram Capital Limited	0.41	3.14	-	-	-	-	-	-	-	-	-	-	**0.41**	**3.14**
- Shriram Life Insurance Company Limited	-	-	103.15	103.14	-	-	-	-	-	-	-	-	**103.15**	**103.14**
- Shriram General Insurance Company Limited	-	-	319.04	367.25	-	-	-	-	-	-	-	-	**319.04**	**367.25**
Expenses recoverable														
- Shriram Capital Limited	-	0.00	-	-	-	-	-	-	-	-	-	-	**-**	**0.00**
- Shriram Insight Share Brokers Limited	-	-	-	0.00	-	-	-	-	-	-	-	-	**-**	**0.00**
- Shriram Fortune Solutions Limited	-	-	-	0.20	-	-	-	-	-	-	-	-	**-**	**0.20**
Inter corporate deposit received from Shriram Automall India Limited	-	-	-	-	39.42	26.38	-	-	-	-	-	-	**39.42**	**26.38**

Income /expenses are presented excluding GST
Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Note 51: Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

The primary objectives of the Company’s capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. . However, they are under constant review by the Board.

Note 52: Fair value measurement

52.01 : Valuation principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 6.1 (xiii).

52.02 : Fair value hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2020

(Rs. in crores)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Forward contracts	-	378.05	-	**378.05**
Currency swaps	-	11.50	-	**11.50**
Interest rate swaps	-	45.77	-	**45.77**
Cross currency interest rate swaps	-	319.50	-	**319.50**
Interest rate caps	-	3.91	-	**3.91**
Total derivative financial instruments	**-**	**758.73**	**-**	**758.73**
Financial assets held for trading				
Mutual funds	-	3.02	-	**3.02**
Equity instruments	-	-	3.36	**3.36**
Venture capital fund	-	1.04	-	**1.04**
Total financial assets held for trading	**-**	**4.06**	**3.36**	**7.42**
Total assets measured at fair value on a recurring basis	**-**	**762.79**	**3.36**	**766.15**
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total assets measured at fair value	**-**	**762.79**	**3.36**	**766.15**

(Rs. in crores)

Liabilities measured at fair value on a recurring basis				
Total financial liabilities measured at fair value on a recurring basis	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	**-**	**-**	**-**	**-**

As at March 31, 2019

(Rs. in crores)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Forward contracts	-	1.22	-	**1.22**
Currency swaps	-	18.67	-	**18.67**
Interest rate swaps	-	1.83	-	**1.83**
Total derivative financial instruments	**-**	**21.72**	**-**	**21.72**
Financial assets held for trading				
Mutual funds	-	323.82	-	**323.82**
Equity instruments	-	-	3.58	**3.58**
Certificate of deposits	-	1,231.71	-	**1,231.71**
Venture capital fund	-	0.97	-	**0.97**
Total financial assets held for trading	**-**	**1,556.50**	**3.58**	**1,560.08**
Total assets measured at fair value on a recurring basis	**-**	**1,578.22**	**3.58**	**1,581.80**
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total assets measured at fair value	**-**	**1,578.22**	**3.58**	**1,581.80**

(Rs. in crores)

Liabilities measured at fair value on a recurring basis	**Level-1**	**Level-2**	**Level-3**	**Total**
Derivative financial instruments				
Currency swaps	-	83.05	-	**83.05**
Interest rate swaps	-	0.37	-	**0.37**
Total derivative financial instruments	**-**	**83.42**	**-**	**83.42**
Total financial liabilities measured at fair value on a recurring basis	**-**	**83.42**	**-**	**83.42**
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	**-**	**83.42**	**-**	**83.42**

52.03 : Valuation techniques

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

Equity instruments
Investment in units of mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3.

Derivative Financial Instruments
Foreign exchange contracts include foreign exchange forward and swap contracts, interest rate swaps and over- the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies derivative financial instruments as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Certificate of deposits (CDs)
Certificate of Deposits are short-term financial instruments issued by Banks. Financial Benchmark India Private Ltd (FBIL) has developed the FBIL- CD, a new benchmark for the money market based on traded CDs reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform of The Clearing Corporation of India Ltd (CCIL). FBIL-CD is announced for seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months. For valuation, The Company uses FBIL-CD benchmark and based on that benchmark the Company interpolates and calculates CD prices corresponding to their residual maturities and such instruments are classified as Level 2.

52.05 : Transfer between fair value hierarchy levels
During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

52.06 : Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value.

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(Rs. in crores)

Particulars	**Equity instruments**	
	As at March 31, 2020	**As at March 31, 2019**
Opening balance	**3.58**	**0.86**
Purchase	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-
Transfers into level 3	-	-
Transfers from level 3	-	-
Net interest income, net trading income and other income	-	-
Other comprehensive income	-	-
Unrealised gains and losses related to balances held at the end of the year	**(0.22)**	**2.72**
Closing balance	**3.36**	**3.58**

52.07 : Impact of changes to key assumptions on fair value of level 3 financial instruments measured at fair value

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's level 3 assets and liabilities. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

(Rs. in crores)

Particulars	**Fair value**		**Valuation technique**	**Significant unobservable inputs**
	Level 3 assets	**Level 3 assets**		
	As at March 31, 2020	**As at March 31, 2019**		
Equity instruments	3.36	3.58	Based on the discounted cashflow	Based on the discounted cashflow

52.08 : Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.
The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The table below shows data in relation to level 3 inputs that are already aggregated on the underlying product levels without assuming any potential diversification effect, but including potential off-sets from economic or accounting hedge relationships in place. The Company is of the opinion that, whilst there may be some diversification benefits, incorporating these would not be significant to the analysis.

(Rs. in crores)

Particulars	**As at March 31, 2020**		**As at March 31, 2019**	
	Favourable changes 5% increase	**Unfavourable changes 5% decrease**	**Favourable changes 5% increase**	**Unfavourable changes 5% decrease**
Equity instruments based on the discounted cashflow	3.51	3.18	3.74	3.38

52.09 : Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non-financial liabilities.

(Rs. in crores)

As at March 31, 2020		Fair value			
	Carrying amount	Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	1,864.78	1,864.78	-	-	**1,864.78**
Bank balance other than cash and cash equivalents	5,450.14	-	5,395.64	-	**5,395.64**
Trade receivables	10.50	-	-	10.50	**10.50**
Other receivables	5.64	-	-	5.64	**5.64**
Loans	108,501.71	-	-	103,070.32	**103,070.32**
Investments at amortised cost	2,819.92	1,912.92	-	979.04	**2,891.96**
Other investments	150.52	-	-	150.52	**150.52**
Other financial assets	45.15	-	-	40.20	**40.20**
Total financial assets	**118,848.36**	**3,777.70**	**5,395.64**	**104,256.21**	**113,429.55**
Financial liabilities:					
Trade payables	143.84	-	-	143.84	**143.84**
Other payables	1.13	-	-	1.13	**1.13**
Debt securities	34,266.96	-	36,510.59	-	**36,510.59**
Borrowings (other than debt securities)	42,474.60	-	42,704.86	-	**42,704.86**
Deposits	11,960.12	-	-	12,161.38	**12,161.38**
Subordinated liabilities	5,670.07	-	5,367.03	722.40	**6,089.44**
Other financial liabilities	912.32	-	-	912.32	**912.32**
Lease liabilities	362.81	-	-	362.81	**362.81**
Total financial liabilities	**95,791.85**	**-**	**84,582.49**	**14,303.88**	**98,886.37**
Off balance sheet items					**-**
Other commitments	311.87	-	-	311.87	**311.87**
Total off-balance sheet items	**311.87**	**-**	**-**	**311.87**	**311.87**

(Rs. in crores)

As at March 31, 2019		Fair value			
	Carrying amount	Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	914.01	914.01	-	-	**914.01**
Bank balance other than cash and cash equivalents	3,067.46	-	2,949.28	-	**2,949.28**
Trade receivables	8.48	-	-	8.48	**8.48**
Other receivables	19.94	-	-	19.94	**19.94**
Loans	102,307.49	-	-	101,248.55	**101,248.55**
Investments at amortised cost	2,425.63	1,539.86	-	867.35	**2,407.21**
Other investments	139.84	-	-	139.84	**139.84**
Other financial assets	36.88	-	-	32.06	**32.06**
Total financial assets	**108,919.73**	**2,453.87**	**2,949.28**	**102,316.22**	**107,719.36**
Financial liabilities:					
Trade payables	133.46	-	-	133.46	**133.46**
Other payables	2.72	-	-	2.72	**2.72**
Debt securities	34,181.76	-	29,030.64	-	**29,030.64**
Borrowings (other than debt securities)	37,189.30	-	33,526.51	-	**33,526.51**
Deposits	10,341.46	-	-	9,968.68	**9,968.68**
Subordinated liabilities	6,201.88	-	5,492.76	1,249.58	**6,742.34**
Other financial liabilities	1,016.48	-	-	1,016.48	**1,016.48**
Total financial liabilities	**89,067.06**	**-**	**68,049.91**	**12,370.92**	**80,420.83**
Off balance sheet items					
Other commitments	471.92	-	-	471.92	**471.92**
Total off-balance sheet items	**471.92**	**-**	**-**	**471.92**	**471.92**

Note:
The management assessed that cash and cash equivalents, trade receivables, trade payables, other receivables, other payables, bank overdrafts and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

52.10: Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers
The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual yields..

Pass through certificates
These instruments include asset backed securities. The market for these securities is not active. Therefore, the Company uses a variety of valuation techniques to measure their fair values. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Instruments with no comparable instruments or valuation inputs are classified as Level 3.

Investment in associate at cost

Investment in associate: As per Ind AS 28 Interest in associate are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. Loan and other similar arrangements with subsidiaries which are probable to be settled for a fixed number of equity share of the borrower for a fixed price are classified as equity investment. The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

Investment in government securities at amortised cost
The fair values financial assets held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt and borrowings
The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk. The Company estimates and builds its own credit spread from market-observable data such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debt of itself.

Off-balance sheet positions
Estimated fair values of off-balance sheet positions are based on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

Note 53: Risk management

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

53.01 : Introduction and risk profile

53.01.01 : Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Chief Risk officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk owners within each department will report to the Risk Committee.

The Risk owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's policy is that risk management processes throughout the Company are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

53.01.02 : Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies associated with foreign currency transactions.

53.01.03 : Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee and the head of each department.

The Risk Management Committee receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

53.01.04 : Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across all the states with a cap on maximum limit of exposure for a state and also for an individual/Company.

53.02 : Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Company's internal credit rating grades on days past due(dpd) basis:

Internal rating grade	Internal rating description
Performing	
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 90 dpd
Non-performing	90+ dpd

53.02.01 : Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross–settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

53.02.02 : Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company's definition and assessment of default (Note 53.02.02.01).

-How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default (Notes 53.02.02.02 to 53.02.02.04)

-When the Company considers there has been a significant increase in credit risk of an exposure (Note 53.02.02.05)

-The Company's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 53.02.02.06)

-The details of the ECL calculations for stage 1, stage 2 and stage 3 assets (Note 6.1.xi)

53.02.02.01 : Definition of default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Such events include:

-The borrower requesting emergency funding from the Company.

-A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.

-A covenant breach not waived by the Company.

-The debtor (or any legal entity within the debtor's Company) filing for bankruptcy application/protection.

- All the facilities of a borrower are treated as stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.

-The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.

53.02.02.02 : PD estimation process

It is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

53.02.02.03 : Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For stage 2 and stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

In case of undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown.

53.02.02.04 : Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

53.02.02.05 : Significant increase in credit risk(SICR)

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Company may also consider that events explained in Note 53.02.02.01 are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Company of similar assets (as set out in Note 53.02.02.06), the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

53.02.02.06 : Forward looking information

The Company has incorporated forward looking information and macro-economic factors while calculating PD and LGD rate. Refer note 62 for impact of COVID-19 on estimate of PD, LGD and SICR.

53.02.02.07 : Grouping financial assets measured on a collective basis

As explained in Note 6.1.(xi) dependent on the factors below, the Company calculates ECLs only on a collective basis.

The Company segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. New vehicle finance
2. Pre owned vehicle finance
3. Business Loans

53.02.03 : Analysis of risk concentration

The maximum credit exposure to any individual client or counterparty as of March 31, 2020 was Rs. 51.01 crores (March 31, 2019: Rs. 49.70 crores).

Credit risk exposure analysis **(Rs. in crores)**

Particulars	**As at March 31, 2020**			
	Stage 1 collective	**Stage 2 collective**	**Stage 3 collective**	**Total**
Normal	86,628.95	10,501.60	6,351.12	**103,481.67**
Restructured **	-	-	1,003.23	**1,003.23**
Equipment finance	-	-	7.52	**7.52**
Repossessed	-	-	908.45	**908.45**
Exposure > 1 crore	436.02	130.47	519.74	**1,086.23**
Other risks-forced/fraud	-	1,627.59	387.02	**2,014.61**
Grand Total	**87,064.97**	**12,259.66**	**9,177.08**	**108,501.71**

** includes repossessed assets worth Rs. 44.96 crores

53.03 : Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company’s policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings. Asset Liability Management Committee(ALCO) reviews or monitors Asset Liability Management (ALM) mismatch. ALCO conducts periodic reviews relating to the liquidity position and stress test assuming various what if scenarios.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

53.03.01 : Analysis of financial assets and liabilities by remaining maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

Maturity pattern of assets and liabilities as on March 31, 2020:

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets							-
Cash and cash equivalents	3,088.99	-	-	-	-	-	**3,088.99**
Bank balance other than above	2,480.60	934.41	789.14	21.78	-	-	**4,225.93**
Derivative assets	758.73	-	-	-	-	-	**758.73**
Financial assets at fair value through profit and loss	-	-	-	-	-	7.42	**7.42**
Loans *	6,915.77	14,216.43	23,589.62	64,954.52	25,558.69	1,634.19	**136,869.22**
Financial investments at amortised cost	80.29	101.63	179.55	519.43	364.27	1,574.75	**2,819.92**
Trade receivables	10.50	-	-	-	-	-	**10.50**
Other receivables	5.64	-	-	-	-	-	**5.64**
Other financial assets	-	-	-	-	-	45.15	**45.15**
Total discounted financial assets	**13,340.52**	**15,252.47**	**24,558.31**	**65,495.73**	**25,922.96**	**3,261.51**	**147,831.50**
Financial liabilities							
Deposits *	768.95	954.94	1,704.67	8,155.32	2,701.97	-	**14,285.85**
Debt securities *	1,506.34	1,740.07	3,943.97	22,256.44	9,096.87	1,532.02	**40,075.71**
Borrowings (other than debt securities) *	3,191.71	5,818.22	10,169.69	20,844.94	7,639.45	581.01	**48,245.02**
Subordinated liabilities *	929.67	326.89	325.03	1,283.78	3,324.54	2,122.82	**8,312.73**
Trade payables	143.84	-	-	-	-	-	**143.84**
Other payables	1.13	-	-	-	-	-	**1.13**
Other financial liabilities	581.20	147.66	58.96	81.48	41.92	1.10	**912.32**
Lease liabilities	24.31	20.24	36.42	135.90	83.79	62.15	**362.81**
Total discounted financial liabilities	**7,147.15**	**9,008.02**	**16,238.74**	**52,757.86**	**22,888.54**	**4,299.10**	**112,339.41**
Net discounted financial assets/(liabilities)	**6,193.37**	**6,244.45**	**8,319.57**	**12,737.87**	**3,034.42**	**(1,037.59)**	**35,492.09**

*** includes future interest**

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Maturity pattern of assets and liabilities as on March 31, 2019:

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets							-
Cash and cash equivalents	1,029.14	-	-	-	-	-	**1,029.14**
Bank balance other than above	903.38	1,131.13	198.54	719.28	-	-	**2,952.33**
Derivative assets	21.72	-	-	-	-	-	**21.72**
Financial assets at fair value through profit and loss	1,552.03	-	-	-	-	8.05	**1,560.08**
Loans *	15,224.47	12,609.29	21,693.97	55,374.68	17,941.91	1,087.14	**123,931.46**
Financial investments at amortised cost	112.53	149.43	197.10	460.81	330.04	1,175.72	**2,425.63**
Trade receivables	8.48	-	-	-	-	-	**8.48**
Other receivables	19.94	-	-	-	-	-	**19.94**
Other financial assets	-	-	-	-	-	36.88	**36.88**
Total discounted financial assets	**18,871.69**	**13,889.85**	**22,089.61**	**56,554.77**	**18,271.95**	**2,307.79**	**131,985.66**
Financial liabilities							
Deposits *	891.68	778.19	1,498.30	7,209.38	2,570.91	-	**12,948.46**
Debt securities *	4,968.51	5,914.48	4,916.06	18,123.86	5,013.82	3,351.01	**42,287.74**
Borrowings (other than debt securities) *	5,887.43	5,128.06	9,187.54	13,040.62	6,774.54	1,661.06	**41,679.25**
Subordinated liabilities *	251.74	409.23	879.05	2,570.03	1,204.73	4,332.99	**9,647.77**
Trade payables	133.46	-	-	-	-	-	**133.46**
Other payables	2.72	-	-	-	-	-	**2.72**
Other financial liabilities	828.34	11.98	83.77	70.01	4.43	17.95	**1,016.48**
Derivative liabilities	83.42	-	-	-	-	-	**83.42**
Total discounted financial liabilities	**13,047.30**	**12,241.94**	**16,564.72**	**41,013.90**	**15,568.43**	**9,363.01**	**107,799.30**
Net discounted financial assets/(liabilities)	**5,824.39**	**1,647.91**	**5,524.89**	**15,540.87**	**2,703.52**	**(7,055.22)**	**24,186.36**

*** includes future interest**

The table below shows the expiry by maturity of the contingent liabilities and commitments of the Company and its associate: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Shriram Transport Finance Company Limited
Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
As at March 31, 2020							
In respect of Income tax demands where the Company and its associate have filed appeal before various authorities	-	-	-	-	-	133.80	133.80
VAT demand where the Company and its associate have filed appeal before various	-	-	-	-	-	117.54	117.54
Service tax demands where the Company and its associate have filed appeal before various authorities	-	-	-	-	-	326.21	326.21
Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	-	-	-	-	-	5.00	5.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	4.15	-	-	-	-	-	4.15
Commitments related to loans sanctioned but undrawn	311.87	-	-	-	-	-	311.87
Total commitments	**316.02**	**-**	**-**	**-**	**-**	**582.55**	**898.57**

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
As at March 31, 2019							
In respect of Income tax demands where the Company and its associate have filed appeal before various authorities	-	-	-	-	-	78.79	78.79
VAT demand where the Company and its associate have filed appeal before various	-	-	-	-	-	125.16	125.16
Service tax demands where the Company and its associate have filed appeal before various	-	-	-	-	-	198.53	198.53
Estimated amount of contracts remaining to be executed on capital account, net of advances	5.78	-	-	-	-	-	5.78
Commitments related to loans sanctioned but undrawn	471.92	-	-	-	-	-	471.92
Total commitments	**477.70**	**-**	**-**	**-**	**-**	**402.48**	**880.18**

53.04 : Market Risk

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately.

Interest rate risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability is on fixed rate basis and hence not subject to interest rate risk. Some of the borrowings of the Company are linked to rate benchmarks such as Bank MCLR or London Inter-bank Offered Rate (LIBOR) and Mumbai Inter-Bank Offer Rate (MIBOR) and hence subject to interest rate risk. The Company hedges interest rate risks of foreign currency borrowings through derivative transactions. The sensitivity of the Company's floating rate borrowings to change in interest rate (assuming all other variables constant) is given below:

As at March 31, 2020 **(Rs. in crores)**

Particulars	Carrying amount	Favourable change 1% decrease	Unfavourable change 1% increase
Debt instrument	175.00	9.01	(8.48)
Term loans	9,941.92	875.54	(640.63)
Total floating rate borrowings	**10,116.92**	**884.55**	**(649.11)**

As at March 31, 2019 **(Rs. in crores)**

Particulars	Carrying amount	Favourable change 1% increase	Unfavourable change 1% decrease
Debt instrument	2,360.00	232.28	(288.97)
Term loans	10,855.48	672.97	(839.79)
Total floating rate borrowings	**13,215.48**	**905.25**	**(1,128.76)**

Note 54: Disclosure under the MSME Act 2006, (as per the intimation received from the vendor)

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount remaining unpaid to supplier as at the end of the year	0.40	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

Note 55: Disclosure regarding auditors remuneration disclosed under legal and professional fees

In addition to the auditors remuneration shown in note 42 Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with issue of senior secured notes of Rs. 0.83 crores (March 31, 2019: Rs. 0.26 crores) [including out-of-pocket expenses of Rs. Nil (March 31, 2019: Rs. Nil)] shown under Legal and professional fees in note 42 Other expenses.

Note 56: Disclosure regarding auditors remuneration disclosed under finance cost

In addition to the auditors remuneration shown under note 42 Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of Rs. 0.36 crores (March 31, 2019: Rs. 0.48 crores) amortised portion of which is included in note 37 Finance Costs under interest on debentures and unamortised portion of which is included in note 22 Debt securities under Redeemable non-convertible debentures - Secured -Public issue.

Note 57: Segment Reporting

The Company operates in a single reporting segment i.e. financing. Its associate is primarily engaged in the business of facilitation service. Since, it does not meet the quantitative thresholds laid down under the Ind AS 108 – "Segment Reporting" for reportable segments, it has not been considered for segment reporting.

Note 58: Transfer of financial assets

Note 58.01: Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Securitisation		
Carrying amount of transferred assets measured at amortised cost(Held as collateral)	21,612.72	17,770.52
Carrying amount of associated liabilities (Borrowings (other than debt securities)- measured at amortised cost)	21,452.04	17,738.52
Fair value of assets	20,054.22	16,355.39
Fair value of associated liabilities	20,358.45	15,918.57
Net position at fair value	**(304.23)**	**436.82**

Note 58.02: Transferred financial assets that are derecognised in their entirety

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Direct assignment		
Carrying amount of transferred assets measured at amortised cost	1,427.81	2,428.39
Carrying amount of exposures retained by the Company at amortised cost	142.78	253.60

Note 58.03: Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

Note 59: Expenditure in foreign currency (accrual basis)

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Resource mobilisation	148.09	67.78
Legal and professional charges	-	0.60
Membership fees	0.00	0.00
Total	**148.09**	**68.39**

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Note 60: Details of CSR expenses

(Rs. in crores)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a)	**Gross amount required to be spent by the Company during the year**	52.82	39.51
b)	**Amount spent during the year**		
	- On purposes other than construction/acquisition of any asset		
	Paid in cash	53.16	40.06
	Yet to be paid in cash	-	-
	Total	**53.16**	**40.06**

Note 61: Movement in provisions

(Rs. in crores)

Particulars	As at March 31, 2019	Additional provision made during the year	Utilisation/reversal during the year	As at March 31, 2020
Provision for taxes- contested	92.75	-	-	92.75

(Rs. in crores)

Particulars	As at April 01, 2018	Additional provision made during the year	Utilisation/reversal during the year	As at March 31, 2019
Provision for taxes- contested	92.75	-	-	92.75

The above provisions relate to disputed tax demands in relation to VAT and Service tax. Due to the very nature of such provisions and the litigations involved, it is not possible to estimate the timing/ uncertainties relating to their outflows.

Note 62: Note on Covid

The spread of SARS-CoV-2 virus (referred as 'COVID-19') across the globe and in India has contributed to a significant decline and volatility in global and Indian financial markets and a shrink in the economic activities. The Government of India declared 21-day nation-wide lock-down to contain the pandemic COVID-19 with effect from March 25, 2020. The Government then extended the lockdown till May 31, 2020. However, the government relaxed the lock-down in certain essential areas including plying commercial vehicles for transportation of essential and non-essential goods across the country. In terms of COVID-19 regulatory package announced by Reserve Bank of India (RBI) on March 27, 2020 and in accordance with the Scheme approved by the Board of directors of the Company, the Company has extended the moratorium to the eligible borrowers for instalments falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020, the moratorium is given to eligible borrowers for a further period of three months upto August 31, 2020. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The staging of accounts as on March 31, 2020 with respect to assets which were overdue though standard and to whom moratorium has been granted is based on the days past due as on February 29, 2020 keeping it at standstill. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of credit loss on loans, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic.

The Company has used relevant indicators of moratorium, considering various measures taken by Government and other authorities along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro-economic conditions. Based on such assessment, the Company has made additional expected credit loss provision of Rs 909.64 crores on account of COVID-19 impact in the financial statement. The impairment loss provided for on account of COVID-19 pandemic is based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over duration of pandemic and restoration of normalcy.

Note 63: Events after reporting date

There have been no events after the reporting date except the following:

The ratings of the Company which have been downgraded by the various rating agencies after March 31, 2020 are given below:

Credit Rating Agency	Instruments	As at March 31, 2020	Current Rating as on
CRISIL	Bank Loan Long-term	CRISIL AA+/Stable	CRISIL AA+/Negative
CRISIL	Fixed deposit	CRISIL FAAA/Stable	CRISIL FAAA/ Negative
CRISIL	Non-convertible debenture	CRISIL AA+/Stable	CRISIL AA+/Negative
CRISIL	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AA+r/Stable	CRISIL PP-MLD AA+r/Negative
CRISIL	Subordinated debt	CRISIL AA+/Stable	CRISIL AA+/Negative
India Ratings & Research Private Limited (Formerly known as "FITCH")	Non-convertible debenture	IND AA+/Stable Outlook	IND AA+/RWN
India Ratings & Research Private Limited (Formerly known as "FITCH")	Subordinated debt	IND AA+/Stable Outlook	IND AA+/RWN
India Ratings & Research Private Limited (Formerly known as "FITCH")	Structured Non-Convertible Debentures	Provisional IND AAA(CE)/Stable	This rating is now withdrawn
Standard & Poor's Ratings	Offshore Rupee Denominated Bond (Masala Bond)	BB+	BB
Standard & Poor's Ratings	U.S. Dollar Senior Secured Notes	BB+	BB
Standard & Poor's Ratings	Long-Term Issuer Credit Rating	BB+/Negative	BB/Negative

RWN=Rating Watch Negative

Note 64: Floating charge on investment in government securities

In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities (face value) to the extent of Rs. 1,758.76 crores (March 31, 2019: Rs. 1,463.76 crores) in favour of trustees representing the public deposit holders of the Company.

Note 65: Previous year comparatives

Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

As per our report of even date

For Haribhakti & Co. LLP	For Pijush Gupta & Co.	For and on behalf of the Board of Directors of	
Chartered Accountants	Chartered Accountants	**Shriram Transport Finance Company Limited**	
ICAI Firm Registration No. 103523W/W100048	ICAI Firm Registration No. 309015E		
Sumant Sakhardande	**Sangeeta Gupta**	**S. Lakshminarayanan**	**Umesh Revankar**
Partner	Partner	Chairman	Managing Director & CEO
Membership No. 034828	Membership No. 064225	DIN: 02808698	DIN: 00141189
Mumbai	Gurugram	New Delhi	Mumbai
June 10, 2020	June 10, 2020	June 10, 2020	June 10, 2020
		Parag Sharma	**Vivek M. Achwal**
		Executive Director & CFO	Company Secretary
		Mumbai	Mumbai
		June 10, 2020	June 10, 2020

Shriram Transport Finance Company Limited

Notes forming part of the Consolidated financial statements for the year ended March 31, 2020

Additional information as required by paragraph 2 of the general instructions for preparation of Consolidated Financial statements to schedule III to the Companies Act, 2013.

Name of the entity in the Group	Net Asset, i.e, total assets minus total liabilities		Shares in profit or loss	
	As % of Consolidated net assets	Amount (Rs. in crore)	As % of Consolidated profit or loss	Amount (Rs. in crore)
1	2	3	4	5
Parent				
Shriram Transport Finance Company Limited	99.24%	18,005.16	99.58%	2,501.84
Subsidiaries				
Indian	Not applicable	Not applicable	Not applicable	Not applicable
Foreign	Not applicable	Not applicable	Not applicable	Not applicable
Minority interests in all subsidiaries	Not applicable	Not applicable	Not applicable	Not applicable
Associates (Investment as per the equity method)				
Indian				
Shriram Automall India Limited	0.70%	126.46	0.42%	10.43
Foreign	Not applicable	Not applicable	Not applicable	Not applicable
Inter-company eliminations and consolidation adjustments	0.06%	10.68	0.00%	-
Joint Ventures (as per proportionate consolidation / investment as per the equity method)				
Indian	Not applicable	Not applicable	Not applicable	Not applicable
Foreign	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**100.00%**	**18,142.30**	**100.00%**	**2,512.27**

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

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

Haribhakti & Co. LLP
Chartered Accountants
701, Leela Business Park,
Andheri Kurla Road,
Andheri (East),
Mumbai - 400 059

Pijush Gupta & Co.
Chartered Accountants
GF - 17 Augusta Point,
Golf Course Road,
Sector - 53
Gurugram - 122002

INDEPENDENT AUDITOR'S REPORT

To the Members of
Shriram Transport Finance Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Shriram Transport Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2020, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment Loss Allowance of loans and advances

Impairment loss allowance of loans and advances ("Impairment loss allowance") is a Key Audit Matter as the Company has significant credit risk exposure considering the large loan portfolio across a wide geographical range. The value of loans and advances on the balance sheet is significant and there is a high degree of complexity and judgment involved in estimating individual and collective credit impairment provisions, write-offs against these loans and to additionally determine the potential impact of unprecedented COVID 19 pandemic on asset quality and provision of the Company. The Company's model to calculate expected credit loss ("ECL") is inherently complex and judgment is applied in determining the correct construction of the three-stage impairment model ("ECL Model") including the selection and input of forward looking information. ECL provision calculation require the use of large volumes of data. The completeness and reliability of data can significantly impact accuracy of the modeled impairment provisions. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.

Audit Procedures included but were not limited to the following:

We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company.

We also assessed whether the impairment methodology used by the Company is in accordance with the assumptions and methodology approved by the Board of Directors of the Company which is based on and in compliance with Ind AS 109 "Financial Instruments". Particularly we assessed the approach of the Company regarding definition of Default, Probability of Default, Loss Given Default and incorporation of forward-looking information for the calculation of ECL.

For loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures:

- We tested the reliability of key data inputs and related management controls;
- We checked the stage classification as at the balance sheet date as per the definition of Default of the Company;
- We validated the ECL Model and its calculation by involving our Information Technology Expert;
- We have also calculated the ECL provision manually for selected samples; and
- We have assessed the assumptions made by the Company in making accelerated provision considering forward looking information and based on an event in a particular geographical range.
- We have reviewed the process of the Company to grant moratorium to the borrowers as per the Regulatory Package announced by the Reserve Bank of India (RBI). Further, we have relied on the assumption of the management that there will be no significant increase in the credit risk in the cases where moratorium is given and that the staging based on the days past due (DPD) will be considered as per the RBI COVID-19 Regulatory Package. We have tested on

samples basis the DPD freeze for cases where moratorium is provided and not provided in accordance with RBI COVID-19 Regulatory Package;

- With respect to additional provision made by the Company on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company and.

- We have checked the provision on Loan Assets as per IRACP norms as required under RBI circular dated March 13, 2020. We have checked the DPD and provision in accordance with the RBI regulations in that regard further considering the Regulatory Packages issued by RBI dated March 27, 2020~~,~~ and May 23, 2020 and RBI circular dated April 17, 2020.

For loans and advances which are written off during the year under audit, we read and understood the methodology and policy laid down and implemented by the Company in this regards along with its compliance on sample basis.

Emphasis of Matter

We draw attention to Note 62 to the standalone financial statements which describes the classification of accounts as on March 31, 2020 with respect to the accounts which were overdue but standard as on February 29, 2020 and to whom moratorium benefit has been granted. The staging of those accounts under Ind AS as on March 31, 2020 is based on the days past due status as on February 29, 2020 in accordance with the Reserve Bank of India COVID-19 regulatory package. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report and Corporate Governance Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance(including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 49 on Contingent Liabilities to the standalone financial statements;

(ii)The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 10 to the standalone financial statements;

HARIBHAKTI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 103523W/W100048

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAACL9811
Place: Mumbai
Date: June 10, 2020

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No: 309015E

Sangeeta Gupta
Partner
Membership Number: 064225
UDIN: 20064225AAAAAX2386
Place: Gurugram
Date: June 10, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Shriram Transport Finance Company Limited on the standalone financial statements for the year ended March 31, 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, the fixed assets of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) Based on the examination of the registered sale deed/transfer deed and other relevant records evidencing title / possession provided to us, we report that, the title deeds of all the immovable properties comprising of land and buildings which are freehold other than self constructed assets included in Property, Plant and Equipment, are held in the name of the Company as at the balance sheet date.

(ii) The Company is in the business of providing services and does not have any inventory. Accordingly, clause 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company.

(iv) The Company has complied with the provisions of sections 185 and 186(1) of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. Further, the provisions of section 186, except for section 186(1), of the Act are not applicable to the Company as it is engaged in the business of financing.

(v) In our opinion, the Company has complied with the directives issued by Reserve Bank of India, the provisions of sections 73 to 76 of the Act and the rules framed there under with regard to the acceptance of deposits. Further, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

(vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.

HARIBHAKTI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax (GST), cess and any other material statutory dues applicable to it. As informed, provisions of Custom Duty are not applicable to the Company. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

(b) No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) As informed, the provisions of customs duty and excise duty is not applicable to the Company. The dues outstanding with respect to, income tax, sales tax, service tax, value added tax and GST on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	13.44	A.Y. 2017-18	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	26.10	A.Y. 2016-17	Assessing Officer
Income Tax Act, 1961	Income Tax demands	5.46	A.Y. 2014-15	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.79	A.Y. 2014-15	Assessing Officer
Income Tax Act, 1961	Income Tax demands	1.80	A.Y. 2014-15	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	1.53	A.Y. 2013-14	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.02	A.Y. 2013-14	Assessing Officer
Income Tax Act, 1961	Income Tax demands	0.47	A.Y. 2012-13	Madras High Court
Income Tax Act, 1961	Income Tax demands	5.27	A.Y. 2012-13	Assessing Officer
Income Tax Act, 1961	Income Tax demands	10.00	A.Y. 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax demands	9.21	A.Y. 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax demands	10.26	A.Y. 2009-10	Madras High Court
Income Tax Act, 1961	Income Tax demands	1.84	A.Y. 2008-09	Madras High Court
Income Tax Act, 1961	Income Tax demands	0.27	A.Y. 2007-08	Madras High Court
Income Tax Act, 1961	Income Tax demands	0.08	A.Y. 2006-07	Assessing Officer
Finance Act, 1994 (Service tax)	Service tax on hire purchase and lease	212.30	F.Y. 2003-04 to 2009-10	CESTAT (Custom, Excise and

	transaction			Service tax appellate tribunal)
Finance Act, 1994 (Service tax)	Service tax demand on securitisation collection commission	192.88	F.Y. 2008-09 to 2014-2015	CESTAT (Custom, Excise and Service tax appellate tribunal)
Maharashtra Value Added Tax	Value added tax	0.00#	F.Y. 2005-06	Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value added tax	0.00#	F.Y. 2006-07	Deputy Commissioner of Sales Tax - Appeals - Mumbai
Maharashtra Value Added Tax	Value added tax	5.40	F.Y. 2007-08 to 2013-14	Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value added tax	0.79	F.Y. 2014-15	Joint Commissioner of Sales tax
Maharashtra Value Added Tax	Value added tax	0.21	F.Y. 2012-13 to 2013-14	Deputy Commissioner of Sales Tax - Appeals - Mumbai
Maharashtra Value Added Tax	Value added tax	0.01	F.Y. 2014-15	Joint Commissioner of Sales tax
Maharashtra Value Added Tax	Value added tax	0.02	F.Y. 2015-16	Joint Commissioner of Sales tax
Maharashtra Value Added Tax	Value added tax	0.29	F.Y. 2016-17	Joint Commissioner of Sales tax
Andhra Pradesh Value Added Tax	Value added tax	3.48	F.Y. 2005-06 to 2008-09	High court of Telangana
Andhra Pradesh Value Added Tax	Value added tax	3.27	F.Y 2009-10 to 2010-11 and 1st April 2011 to 31st August 2012	High court of Telangana
Andhra Pradesh Value Added Tax	Value added tax	0.12	F.Y. 2010-11 to 2012-13	High court of Telangana
Rajasthan Value Added Tax	Value added tax	1.16	F.Y. 2006-07 to 2011-12	High Court of Rajasthan
Rajasthan Value Added	Value added tax	1.59	F.Y. 2012-13 to 2015-16	Rajasthan Tax Tribunal,

Tax			And 1st April, 2016 to 4th Nov 2016	Ajmer
Karnataka Value Added Tax	Value added tax	8.07	F.Y. 2010-11 to 2016-17	High court of Karnataka
Orissa Value Added Tax	Value added tax	0.09	F.Y. 2008-09 to 2012-13	Orissa Tax Tribunal
Telangana Value Added Tax	Value added tax	9.81	F.Y. 2013-14 to 2016-17 and April 17 to June 17	Commercial Tax officer, Secunderabad

*Above amounts are net of amount paid under protest, wherever paid.

#Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores

(viii) During the year, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or dues to debenture holders. The Company has not taken any loan or borrowing from government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer of equity shares during the year. In our opinion, monies raised by the Company by way of debt instruments and term loans were applied for the purposes for which those were obtained, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management except three fraud cases amounting to Rs. 0.18 Crores where employees of the Company has conducted Cheating and Forgery.

(xi) Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, clause 3(xiv) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

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

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAACL9811
Place: Mumbai
Date: June 10, 2020

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

Sangeeta Gupta
Partner
Membership Number: 064225
UDIN: 20064225AAAAAX2386
Place: Mumbai
Date: June 10, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Shriram Transport Finance Company Limited on the standalone financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Shriram Transport Finance Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

HARIBHAKTI & CO. LLP * CHARTERED ACCOUNTANT * MUMBAI

PIJUSH GUPTA & CO. CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;(2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

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

Sumant Sakhardande
Partner
Membership Number: 034828
UDIN: 20034828AAAACL9811
Place: Mumbai
Date: June 10, 2020

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

Sangeeta Gupta
Partner
Membership Number: 064225
UDIN: 20064225AAAAAX2386
Place: Gurugram
Date: June 10, 2020

Shriram Transport Finance Company Limited
Balance Sheet as at March 31, 2020

(Rs. in crores)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I ASSETS			
1 Financial assets			
Cash and cash equivalents	8	3,088.99	1,029.14
Bank balance other than above	9	4,225.93	2,952.33
Derivative financial instruments	10	758.73	21.72
Receivables	11		
(I) Trade receivables		10.50	8.48
(II) Other receivables		5.64	19.94
Loans	12	102,231.63	96,751.49
Investments	13	2,798.48	3,999.07
Other financial assets	14	45.15	36.88
2 Non-financial assets			
Current tax assets (net)	15	249.10	106.58
Deferred tax assets (net)	43	62.50	75.70
Investment property	16	2.03	2.06
Property, plant and equipment	17	149.88	143.46
Right-of-use assets	18	327.84	-
Other intangible assets	19	2.67	1.97
Other non-financial assets	20	169.57	143.66
Total assets		**114,128.64**	**105,292.48**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Derivative financial instruments	10	-	83.42
Payables			
(I) Trade payables	21		
(i) total outstanding dues of micro enterprises and small enterprises		0.40	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		143.44	133.46
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.13	2.72
Debt securities	22	34,266.96	34,181.76
Borrowings (other than debt securities)	23	42,474.60	37,189.30
Deposits	24	11,960.12	10,341.46
Subordinated liabilities	25	5,670.07	6,201.88
Other financial liabilities	26	912.32	1,016.48
Lease liabilities	18	362.81	-
2 Non-financial liabilities			
Current tax liabilities (net)	27	102.02	102.97
Provisions	28	146.33	133.26
Other non-financial liabilities	29	83.28	69.49
Total liabilities		**96,123.48**	**89,456.20**
3 Equity			
Equity share capital	30	226.88	226.90
Other equity	31	17,778.28	15,609.38
Total equity		**18,005.16**	**15,836.28**
Total liabilities and equity		**114,128.64**	**105,292.48**

See accompanying notes forming part of the financial statements.
As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in crores)

Particulars			Notes	Year ended March 31, 2020	Year ended March 31, 2019
		Revenue from operations			
	(i)	Interest income	32	16,267.46	15,335.69
	(ii)	Dividend income		0.19	4.99
	(iii)	Rental income		0.22	0.22
	(iv)	Fee and commission income	33	194.97	126.60
	(v)	Net gain on fair value changes	34	-	-
	(vi)	Other operating income	35	99.52	61.65
(I)		**Total Revenue from operations**		**16,562.36**	**15,529.15**
(II)		**Other income**	36	20.27	27.51
(III)		**Total Income (I + II)**		**16,582.63**	**15,556.66**
		Expenses			
	(i)	Finance cost	37	8,270.26	7,511.26
	(ii)	Fee and commission expense	38	56.88	62.19
	(iii)	Net loss on fair value changes	34	6.75	2.58
	(iv)	Impairment of financial instruments	39	2,794.88	2,382.26
	(v)	Employee benefits expenses	40	1,010.82	883.06
	(vi)	Depreciation, amortisation and impairment	41	141.05	42.97
	(vii)	Other expenses	42	863.32	894.07
(IV)		**Total Expenses**		**13,143.96**	**11,778.39**
(V)		**Profit before exceptional items and tax (III - IV)**		**3,438.67**	**3,778.27**
(VI)		**Exceptional items**		-	-
(VII)		**Profit before tax (V+ VI)**		**3,438.67**	**3,778.27**
(VIII)		**Tax Expense:**			
		(1) Current tax	43	921.20	1,346.37
		(2) Deferred tax	43	14.79	(22.27)
		(3) Tax adjustment for earlier years	43	0.84	(109.82)
(IX)		**Profit for the year from continuing operations (VII - VIII)**		**2,501.84**	**2,563.99**
(X)		**Profit for the year**		**2,501.84**	**2,563.99**
(XI)		**Other comprehensive income**			
		A (i) Items that will not be reclassified to profit or loss			
		Remeasurement gain/(loss) on defined benefit plan		(6.33)	(3.56)
		(ii) Income tax relating to items that will not be reclassified to profit or loss		1.59	1.24
		Subtotal (A)		**(4.74)**	**(2.32)**
		B (i) Items that will be reclassified to profit or loss		-	-
		(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		Subtotal (B)		-	-
		Other comprehensive income (A + B)		**(4.74)**	**(2.32)**
(XII)		**Total Comprehensive income for the year (X + XI)**		**2,497.10**	**2,561.67**
(XIII)		**Earnings per equity share**			
		Basic (Rs.)	44	110.27	113.01
		Diluted (Rs.)	44	110.27	113.01

See accompanying notes forming part of the financial statements.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

Particulars	Number of shares	(Rs. in crores)
As at March 31, 2018	**226,882,736**	**226.90**
Changes in Equity share capital during the year	-	-
As at March 31, 2019	**226,882,736**	**226.90**
Changes in Equity share capital during the year	-	(0.02)
As at March 31, 2020	**226,882,736**	**226.88**

B. Other equity

(Rs. in crores)

Particulars	Reserves and surplus							Other comprehensive income-retirement benefits	Total
	Statutory reserve	Capital reserve	Securities premium account	Debenture redemption reserve	Capital redemption reserve	General reserve	Retained earnings		
Balance as at April 01, 2018	**2,654.55**	**27.62**	**1,754.81**	**216.59**	**53.88**	**1,813.91**	**6,829.82**	**(2.60)**	**13,348.58**
Profit for the year	-	-	-	-	-	-	2,563.99	-	**2,563.99**
Other comprehensive income for the year	-	-	-	-	-	-	-	(2.32)	**(2.32)**
Total comprehensive income for the year	-	-	-	-	-	-	**2,563.99**	**(2.32)**	**2,561.67**
Transferred to/from	514.00	-	-	158.03	-	350.44	(1,022.47)	-	-
Dividends (interim and final)	-	-	-	-	-	-	(249.57)	-	**(249.57)**
Tax on dividend (interim and final)	-	-	-	-	-	-	(51.30)	-	**(51.30)**
Balance as at March 31, 2019	**3,168.55**	**27.62**	**1,754.81**	**374.62**	**53.88**	**2,164.35**	**8,070.47**	**(4.92)**	**15,609.38**

Shriram Transport Finance Company Limited
Statement of Changes in Equity for the year ended March 31, 2020

(Rs. in crores)

Particulars	Reserves and surplus							Other comprehensive income- retirement benefits	Total
	Statutory reserve	Capital reserve	Securities premium account	Debenture redemption reserve	Capital redemption reserve	General reserve	Retained earnings		
Balance as at April 01, 2019	**3,168.55**	**27.62**	**1,754.81**	**374.62**	**53.88**	**2,164.35**	**8,070.47**	**(4.92)**	**15,609.38**
Profit for the year	-	-	-	-	-	-	2,501.84	-	**2,501.84**
Other comprehensive income for the year	-	-	-	-	-	-	-	(4.74)	**(4.74)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,501.84**	**(4.74)**	**2,497.10**
Transferred to/(from)	500.38	-	-	235.79	-	250.19	(986.36)	-	-
Transfer from share forfeiture account		0.02	-	-	-	-	-	-	**0.02**
Dividends (interim and final)	-	-	-	-	-	-	(272.26)	-	**(272.26)**
Tax on dividend (interim and final)	-	-	-	-	-	-	(55.96)	-	**(55.96)**
Balance as at March 31, 2020	**3,668.93**	**27.64**	**1,754.81**	**610.41**	**53.88**	**2,414.54**	**9,257.73**	**(9.66)**	**17,778.28**

See accompanying notes forming part of the financial statements

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO

Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary

Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Cash Flow Statement for the year ended March 31, 2020

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	3,438.67	3,778.27
Depreciation, amortisation and impairment	141.05	42.97
Interest on income tax refund	(5.80)	(6.66)
Loss on sale of investments	0.12	-
Loss/(profit) on sale of fixed assets (net)	(1.17)	0.51
Impairment on loans	2,748.87	2,450.51
Impairment on investments	42.22	(0.06)
Impairment on undrawn loan commitment	4.39	6.71
Impairment on other assets	(0.60)	(74.90)
Net (gain)/loss on fair value changes on investment	0.87	(0.52)
Net (gain)/loss on fair value changes on derivatives	5.88	3.10
Operating profit before working capital changes	**6,374.50**	**6,199.93**
Movements in working capital:		
Decrease/(increase) in loans	(8,229.03)	(8,456.35)
(Increase)/decrease in investments	1,157.38	(1,657.13)
Decrease/(increase) in receivables	12.28	(10.98)
Decrease/(increase) in bank deposits	(1,273.60)	(368.49)
Decrease/(increase) in other financial assets	(7.67)	75.49
Decrease/(increase) in other non-financial assets	(28.09)	(3.43)
Increase/(decrease) in payables	10.38	(86.31)
Increase/(decrease) in other financial liabilities	(104.04)	126.22
Increase/(decrease) in non-financial liabilities	13.79	(3.83)
Increase/(decrease) in other provision	7.69	2.31
Cash generated from operations	**(2,066.41)**	**(4,182.57)**
Direct taxes paid (net of refunds)	(1,065.03)	(1,352.41)
Net cash flows from/(used in) operating activities (A)	**(3,131.44)**	**(5,534.98)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(57.80)	(77.97)
Proceeds from sale of property, plant and equipment and intangible assets	2.60	1.83
Net cash flows from/(used in) investing activities (B)	**(55.20)**	**(76.14)**
C. Cash flow from financing activities		
Derivatives	(826.31)	64.46
Amount received from deposits received (including ICDs)	4,433.61	5,006.10
Repayment of deposits	(2,940.82)	(3,315.19)
Amount received from debt securities	13,085.18	9,057.53
Repayment of debt securities	(9,557.89)	(6,562.70)
Amount received from subordinated debts	-	2,360.00
Repayment of subordinated debts	(449.01)	(864.56)
Amount received from borrowings other than debt securities	42,569.54	56,824.89
Repayment of borrowings other than debt securities	(40,683.27)	(56,722.52)
Payment of lease liabilities	(56.20)	-
Dividend paid	(272.38)	(247.16)
Tax on dividend	(55.96)	(51.30)
Net cash flows from financing activities (C)	**5,246.49**	**5,549.55**
Net increase in cash and cash equivalents (A+B+C)	2,059.85	(61.57)
Cash and cash equivalents at the beginning of the year	1,029.14	1,090.71
Cash and cash equivalents at the end of the year	**3,088.99**	**1,029.14**

Shriram Transport Finance Company Limited
Cash Flow Statement for the year ended March 31, 2020

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net cash provided by (used in) operating activities includes		
Interest received on loans	14,487.74	14,842.91
Interest paid	(5,923.07)	(5,813.03)
Dividend received	0.19	4.99

Components of cash and cash equivalents **(Rs. in crores)**

Cash and cash equivalents at the end of the year	As at March 31, 2020	As at March 31, 2019
i) Cash on hand	41.24	123.47
ii) Cheques on hand	2.38	18.18
iii) Balances with banks (of the nature of cash and cash equivalents)	1,810.59	761.67
iv) Bank deposit with original maturity less than three months	1,234.78	125.82
Total	**3,088.99**	**1,029.14**

See accompanying notes forming part of the financial statements.
As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

1. Corporate Information

Shriram Transport Finance Company Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The Company is primarily engaged in the business of financing commercial vehicles. It also provides loans for equipment and other business purposes. The Company is registered with the Reserve Bank of India (RBI), Ministry of Corporate Affairs and Insurance Regulatory and Development Authority of India (IRDA). The registration details are as follows:

RBI	07-00459
Corporate Identity Number (CIN)	L65191TN1979PLC007874
IRDA	CA0197

The Company is associate of Shriram Capital Limited.

The registered office of the Company is Mookambika Complex, 3rd floor, No.4, Lady Desika Road, Mylapore, Chennai – 600 004, Tamil Nadu. The principal place of business is Wockhardt Towers, West Wing, Level-3, C-2, G-Block, Bandra -Kurla Complex, Bandra (East), Mumbai, Maharashtra- 400 051.

The financial statements of the Company for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on June 10, 2020.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore, except when otherwise indicated.

3. Presentation of financial statement

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. International Swaps and Derivative Association Arrangements) are presented net if all the above criteria are met.

4. Statement of compliance

These standalone or separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. Refer note 6.3(iii) for the Company’s policy on leases.

5. New Accounting Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

6. Significant accounting policies

6.1 Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the cashflows of the financial assets and the Company’s business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company’s assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments

These financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets. Debt instruments are measured at amortised cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss. As at the reporting date, the Company does not have any financial instruments measured at fair value through other comprehensive income.

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company in a business combination to which Ind AS 103 ‘Business Combination’ applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 *Financial Instruments*: *Presentation.* Such classification is determined on an instrument-by-instrument basis. As at reporting date, there are no equity instruments measured at FVOCI.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iv) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest. As at the reporting date, the Company does not have any financial instruments measured at fair value through profit or loss.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis. As at the reporting date, the Company does not have any financial instruments designated as measured at fair value through profit or loss.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. As at the reporting date, the Company has not designated any financial instruments as measured at fair value through profit or loss.

(v) Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.
- The Company enters into derivative transactions with various counterparties to hedge its foreign currency risks and interest rate risks. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet liabilities. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Such derivative instruments are presented as assets in case of a fair value gain and as liabilities in case of fair value loss. Changes in the fair value of derivatives are included in net gain on fair value changes.

(vi) Embedded Derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

(vii) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

(viii) Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

- The premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.

(ix) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2018-19 and until the year ended March 31, 2020.

(x) Recognition and Derecognition of financial assets and liabilities

Recognition

a) Loans and Advances are initially recognised when the funds are transferred to the customers' account or delivery of assets by the dealer, whichever is earlier.
b) Investments are initially recognised on the settlement date.
c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Derecognition of financial assets due to substantial modification of terms and conditions:

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

i. The Company has transferred its contractual rights to receive cash flows from the financial asset, or
ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

i. The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

ii. The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

iii. The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

i. The Company has transferred substantially all the risks and rewards of the asset, or

ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss. As at the reporting date, the Company does not have any financial liabilities which have been derecognised.

(xi) Impairment of financial assets

Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Business Loans, Secured loans for new vehicles, Secured loans for used vehicles and Equipment Finance Loans.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for e.g. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) The disappearance of an active market for a security because of financial difficulties.

ECL on Investment in Government securities:

The Company has invested in Government of India loans. Investment in Government securities are classified under stage 1. No ECL has been applied on these investments as there is no history of delay in servicing of interest/repayments. The Company does not expect any delay in interest/redemption servicing in future.

Simplified approach for trade/other receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/other receivables that do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates. For trade receivables that contain a significant financing component a general approach is followed.

Financial guarantee contracts

The Company's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs by applying a credit conversion factor.

ECL on Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets. As at the reporting date, the Company does not have any debt instruments measured at fair value through OCI.

The mechanics of ECL

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 53.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 53.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 53.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably. Refer note 62 for impact of COVID and macro-economic factors on PD and LGD estimation.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards.

(xii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss. Write off in case of standard accounts is done by way of waiver of last one or two instalments in case the borrower pays all the EMIs as per the due dates mentioned in the agreement.

(xiii) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 6.1(iii) to 6.1(vi)) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

Difference between transaction price and fair value at initial recognition.
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

6.2 Revenue from operations

(i) Interest Income
Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

Interest spread under par structure of direct assignment of loan receivables is recognised upfront. On derecognition of the loan receivables in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised upfront in the statement of profit or loss.

(ii) Dividend Income

Dividend income is recognised

a. When the right to receive the payment is established,
b. it is probable that the economic benefits associated with the dividend will flow to the entity and
c. the amount of the dividend can be measured reliably

(iii) Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset.

(iv) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(v) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note 34), held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Company does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI. However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

6.3 Expenses

(i) Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to The Trustees - Shriram Transport Finance Company Limited Employees Group Gratuity Assurance Scheme. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

(iii) Rent Expense

Upto March 31, 2019

Identification of Lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments

Rent Expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

From April 01, 2019

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019 (transition date).The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. For arrangements entered into prior to April 01, 2019, the Company has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

The Company's lease asset classes consist of leases for office premises.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate at the transition date in case of leases existing as on the date of transition date and in case of leases entered after transition date, incremental borrowing rate as on the date of lease commencement date. In case of existing leases the said date would be the date of transition. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases, lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

In case of a sub-lease, the Company accounts for its head lease and sub-lease separately.

(iv) Other income and expenses

All other income and expense are recognised in the period they occur.

(v) Impairment of non-financial assets

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

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
ii. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6.4 Foreign currency translation

(i) Functional and presentational currency

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Initial recognition

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Conversion

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.5 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cheques on hand, balances with banks (of the nature of cash and cash equivalents) and short- term deposits, as defined above.

6.6 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013 except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. Land is not depreciated.

The estimated useful lives are as follows:

Particulars	**Useful life as prescribed by Schedule II of the Companies Act, 2013**	**Useful life estimated by Company**
Building	60 years	60 years
Plant and machinery	15 years	15 years
Electrical equipment	10 years	10 years
Generator	10 years	10 years
Furniture and fixture	10 years	10 years
Air conditioner	5 years	5 years
Electronic equipment	5 years	5 years

Particulars	**Useful life as prescribed by Schedule II of the Companies Act, 2013**	**Useful life estimated by Company**
Office equipment	5 years	5 years
Refrigerator	5 years	5 years
Motor car	8 years	8 years
Vehicles	10 years	10 years
Server and networking	6 years	6 years
Computer	3 years	3 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

The Company’s intangible assets consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

6.8 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.
Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

6.9 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. As at reporting date, the Company does not have any such provisions where the effect of time value of money is material.

6.10 Contingent Liabilities

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

6.11 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

7. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

7.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

7.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

7.3 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.4 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 6.1(xi) Overview of ECL principles.

7.5 Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

7.6 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

7.7 Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 8: Cash and cash equivalents **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	41.24	123.47
Balances with banks (of the nature of cash and cash equivalents)	1,810.59	761.67
Cheques on hand	2.38	18.18
Bank deposit with original maturity less than three months	1,234.78	125.82
Total	**3,088.99**	**1,029.14**

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

Note 9: Bank balance other than above **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Unclaimed dividend accounts	10.57	10.69
Bank deposit with original maturity for more than three months	364.16	200.37
Balances with banks to the extent held as credit enhancement or security against the borrowings, guarantees, other commitments. *	3,851.20	2,741.27
Total	**4,225.93**	**2,952.33**

Fixed deposit and other balances with banks earns interest at fixed rate.

*Includes deposits Rs. 3,701.14 crores (March 31, 2019: Rs. 2,716.93 crores) pledged with Banks as margin for credit enhancement, Rs. 146.83 crores (March 31, 2019: Rs. 21.28 crores) as margin for guarantees and Rs. 3.23 crores (March 31, 2019: Rs. 3.06 crores) pledged as lien against loans taken.

Note 10: Derivative financial instruments

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.
The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(Rs. in crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Notional Amounts	**Fair Value - Assets**	**Notional Amounts**	**Fair Value - Liabilities**	**Notional Amounts**	**Fair Value - Assets**	**Notional Amounts**	**Fair Value - Liabilities**
Part I								
(i) Currency derivatives:								
-Spots and forwards	8,018.44	378.05	-	-	374.86	1.22	-	-
-Currency swaps	1,769.50	11.50	-	-	2,402.33	18.67	2,849.90	83.05
-Cross currency interest rate swaps	6,389.23	319.50	-	-	-	-	-	-
Sub total (i)	**16,177.17**	**709.05**	**-**	**-**	2,777.19	19.89	2,849.90	83.05
(ii) Interest rate derivatives:								
-Forward rate agreements and interest rate swaps	-	-	-	-	40.00	1.83	15.00	0.37
-Interest rate swaps	8,744.63	45.77	-	-	-	-	-	-
-Interest rate caps	-	3.91	-	-	-	-	-	-
Sub total (ii)	**8,744.63**	**49.68**	**-**	**-**	**40.00**	**1.83**	**15.00**	**0.37**
(iii) Credit derivatives:	-	-	-	-	-	-	-	-
(iv) Equity linked derivatives:	-	-	-	-	-	-	-	-
(v) Other derivatives:	-	-	-	-	-	-	-	-
Total derivative financial instruments (i+ii+iii+iv+v)	**24,921.80**	**758.73**	**-**	**-**	**2,817.19**	**21.72**	**2,864.90**	**83.42**
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
(i)Undesignated Derivatives	24,921.80	758.73	-	-	2,817.19	21.72	2,864.90	83.42
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)	**24,921.80**	**758.73**	**-**	**-**	**2,817.19**	**21.72**	**2,864.90**	**83.42**

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 53.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments.

Derivatives not designated as hedging instruments

The Company uses cross currency interest rate swaps, interest rate swaps, principal only swaps, forward contracts, interest rate caps to manage its interest rate risk and foreign currency risk arising from USD and EURO denominated External commercial borrowings and bonds. The derivative instruments are entered into for periods consistent with exposure of the underlying transactions.

Details of the derivative instruments are given below: **(Rs. in crores)**

Particulars	As at March 31, 2020				As at March 31, 2019			
	Notional amounts	Derivative assets	Notional amounts	Derivative liabilities	Notional amounts	Derivative assets	Notional amounts	Derivative liabilities
Interest rate risk:								
Interest rate swaps	8,744.63	45.77	-	-	40.00	1.83	15.00	0.37
Interest rate caps	-	3.91	-	-	-	-	-	-
Foreign currency risk:								
Principal only swaps	1,769.50	11.50	-	-	-	-	-	-
Currency swaps	-	-	-	-	2,402.33	18.67	2,849.90	83.05
Forward contracts	8,018.44	378.05	-	-	374.86	1.22	-	-
Cross currency interest rate swaps	6,389.23	319.50	-	-	-	-	-	-
Total	**24,921.80**	**758.73**	**-**	**-**	**2,817.19**	**21.72**	**2,864.90**	**83.42**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 11: Receivables

(I) Trade receivables

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	10.50	8.48
Trade receivables which have significant increase in credit risk	-	-
Trade receivables -credit impaired	-	-
Total	**10.50**	**8.48**
Less: Allowances for impairment loss	-	-
Total	**10.50**	**8.48**

(II) Other receivables

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Other receivables considered good-secured	-	-
Other receivables considered good-unsecured *	5.64	19.94
Other receivables which have significant increase in credit risk	-	-
Other receivables - credit impaired	2.10	1.58
Total	**7.74**	**21.52**
Less: Allowances for impairment loss on credit impaired other receivables	2.10	1.58
Total	**5.64**	**19.94**

There is no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of **30** days.

*Includes receivables from associate Rs. Nil (March 31, 2019: Rs. 0.58 crores).

(Rs. in crores)

Trade receivables days past due		Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
March 31, 2020	Estimated total gross carrying amount at default	-	10.22	0.28	-	-	-	**10.50**
	ECL-simplified approach	-	-	-	-	-	-	**-**
	Net carrying amount	**-**	**10.22**	**0.28**	**-**	**-**	**-**	**10.50**
March 31, 2019	Estimated total gross carrying amount at default	7.98	0.07	0.43	-	-	-	**8.48**
	ECL-simplified approach	-	-	-	-	-	-	**-**
	Net carrying amount	**7.98**	**0.07**	**0.43**	**-**	**-**	**-**	**8.48**

The managements expects no default in receipt of trade receivables; also there is no history of default observed by the management. Hence, no ECL has been recognised on trade receivables.

(Rs. in crores)

Other receivables days past due		Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
March 31, 2020	Estimated total gross carrying amount at default	-	2.46	1.73	1.71	0.31	1.53	**7.74**
	ECL-simplified approach	-	0.18	0.04	0.04	0.31	1.53	**2.10**
	Net carrying amount	**-**	**2.28**	**1.69**	**1.67**	**-**	**-**	**5.64**
March 31, 2019	Estimated total gross carrying amount at default	0.24	19.30	0.34	0.06	0.08	1.50	**21.52**
	ECL-simplified approach	-	-	-	-	0.08	1.50	**1.58**
	Net carrying amount	**0.24**	**19.30**	**0.34**	**0.06**	**-**	**-**	**19.94**

Reconciliation of impairment allowance on other receivables:

(Rs. in crores)

Particulars	Amount
Impairment allowance measured as per simplified approach	
Impairment allowance as per April 01, 2018	**1.92**
Add: Addition during the year	-
(Less): Reduction during the year	(0.34)
Impairment allowance as per March 31, 2019	**1.58**
Add: Addition during the year	0.53
(Less): Reduction during the year	(0.01)
Impairment allowance as per March 31, 2020	**2.10**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 12: Loans

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
Loans (at amortised cost)		
i) Term loans	105,073.08	99,444.62
ii) Others -Unsecured loans	3,428.63	2,862.87
Total (A) - Gross	**108,501.71**	**102,307.49**
Less : Impairment loss allowance	6,270.08	5,556.00
Total (A) - Net	**102,231.63**	**96,751.49**
(B)		
i) Secured by tangible assets	105,061.35	99,440.23
ii) Secured by deposits	11.73	4.39
ii) Unsecured	3,428.63	2,862.87
Total (B) - Gross	**108,501.71**	**102,307.49**
Less : Impairment loss allowance (refer note 62)	6,270.08	5,556.00
Total (B) - Net	**102,231.63**	**96,751.49**
(C) Loans in India		
i) Public sector	-	-
ii) Others		
Retail	107,959.44	101,790.38
Corporates	542.27	517.11
Total (C) - Gross	**108,501.71**	**102,307.49**
Less : Impairment loss allowance (refer note 62)	6,270.08	5,556.00
Total (C)- Net	**102,231.63**	**96,751.49**

Note 12: Loans
Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 53.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 53.02.02.06.

(Rs. in crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 collective	Stage 2 collective	Stage 3 collective	Total	Stage 1 collective	Stage 2 collective	Stage 3 collective	Total
Internal rating grade								
Performing								
High grade	71,178.65	-	-	**71,178.65**	52,834.58	-	-	**52,834.58**
Standard grade	15,886.32	-	-	**15,886.32**	21,265.18	-	-	**21,265.18**
Sub-standard grade	-	10,002.10	-	**10,002.10**	-	13,607.30	-	**13,607.30**
Past due but not impaired	-	2,257.56	-	**2,257.56**	-	5,983.97	-	**5,983.97**
Non- performing	**-**	**-**	**9,177.08**	**9,177.08**	**0.13**	**0.06**	**8,616.27**	**8,616.46**
Total	**87,064.97**	**12,259.66**	**9,177.08**	**108,501.71**	**74,099.89**	**19,591.33**	**8,616.27**	**102,307.49**

An analysis of changes in the gross carrying amount as follows:

(Rs. in crores)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**74,099.89**	**19,591.33**	**8,616.27**	**102,307.49**	**70,398.28**	**16,865.67**	**8,934.46**	**96,198.41**
New assets originated or purchased	43,005.82	7,356.58	1,113.47	**51,475.87**	40,762.97	9,240.97	2,339.34	**52,343.28**
Assets derecognised or repaid (excluding write offs and includes interest accruals adjusted)	(31,192.03)	(8,391.85)	(3,662.42)	**(43,246.30)**	(32,302.58)	(8,251.76)	(3,332.56)	**(43,886.90)**
Transfers to stage 1	30,922.99	(27,685.66)	(3,237.33)	**-**	7,333.10	(6,292.38)	(1,040.72)	**-**
Transfers to stage 2	(26,129.73)	30,711.25	(4,581.52)	**-**	(9,506.30)	10,374.80	(868.50)	**-**
Transfers to stage 3	(3,235.91)	(9,157.36)	12,393.27	**-**	(2,186.45)	(2,112.51)	4,298.96	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	**-**	-	-	-	**-**
Amounts written off	(406.06)	(164.63)	(1,464.66)	**(2,035.35)**	(399.13)	(233.46)	(1,714.71)	**(2,347.30)**
Gross carrying amount closing balance	**87,064.97**	**12,259.66**	**9,177.08**	**108,501.71**	**74,099.89**	**19,591.33**	**8,616.27**	**102,307.49**

Reconciliation of ECL balance is given below:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**				**Year ended March 31, 2019**			
	General approach				**General approach**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**1,472.80**	**1,113.46**	**2,969.74**	**5,556.00**	**1,393.04**	**965.36**	**3,094.39**	**5,452.79**
New assets originated or purchased	887.83	489.55	382.72	**1,760.10**	1,929.56	664.44	949.21	**3,543.21**
Transfers to stage 1	2,611.27	(1,581.05)	(1,030.22)	-	731.99	(376.75)	(355.24)	-
Transfers to stage 2	(524.43)	2,014.89	(1,490.46)	-	(192.27)	488.28	(296.01)	-
Transfers to stage 3	(63.94)	(552.01)	615.95	-	(47.46)	(138.55)	186.01	-
Impact on year end ECL of exposures transferred between stages during the year and reversal of ECL on account of recovery	(1,821.42)	(392.13)	3,202.88	**989.33**	(1,942.93)	(255.86)	1,106.09	**(1,092.70)**
Amounts written off	(406.06)	(164.63)	(1,464.66)	**(2,035.35)**	(399.13)	(233.46)	(1,714.71)	**(2,347.30)**
ECL allowance - closing balance	**2,156.05**	**928.08**	**3,185.95**	**6,270.08**	**1,472.80**	**1,113.46**	**2,969.74**	**5,556.00**

The contractual amount outstanding on loans that have been written off during the financial year, but were still subject to enforcement activity was Rs. 1,447.19 crores at March 31, 2020 (March 31, 2019: Rs. 1,802.17 crores).

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 13: Investments **(Rs. in crores)**

Particulars	As at March 31, 2020				As at March 31, 2019			
	Amortised cost	At Fair value Through profit or loss *	Others (at cost)	Total	Amortised cost	At Fair value Through profit or loss *	Others (at cost)	Total
i) Mutual funds *	-	3.02	-	**3.02**	-	323.82	-	**323.82**
ii) Government securities (refer note 64)	1,824.46	-	-	**1,824.46**	1,495.15	-	-	**1,495.15**
iii) Debt securities	52.67	-	-	**52.67**	52.67	-	-	**52.67**
iv) Equity instruments	-	3.36	-	**3.36**	-	3.58	-	**3.58**
v) Associates (at cost)	-	-	13.37	**13.37**	-	-	13.37	**13.37**
vi) Pass through certificates (unquoted)	942.79	-	-	**942.79**	877.81	-	-	**877.81**
vii) Certificate of deposits	-	-	-	**-**	-	1,231.71	-	**1,231.71**
viii) Others (venture capital fund)	-	1.04	-	**1.04**	-	0.97	-	**0.97**
Total Gross (A)	**2,819.92**	**7.42**	**13.37**	**2,840.71**	**2,425.63**	**1,560.08**	**13.37**	**3,999.08**
i) Investments outside India	-	-	-	-	-	-	-	-
ii) Investments in India	2,819.92	7.42	13.37	**2,840.71**	2,425.63	1,560.08	13.37	**3,999.08**
Total Gross (B)	**2,819.92**	**7.42**	**13.37**	**2,840.71**	**2,425.63**	**1,560.08**	**13.37**	**3,999.08**
Less : Allowance for impairment loss (C)	(42.23)	-	-	**(42.23)**	(0.01)	-	-	**(0.01)**
Total - Net D = (A) - (C)	**2,777.69**	**7.42**	**13.37**	**2,798.48**	**2,425.62**	**1,560.08**	**13.37**	**3,999.07**

More information regarding the valuation methodologies can be found in Note 52.10

* The Company received dividend of Rs. 0.19 crores (March 31, 2019: Rs. 4.99 crores) from its investments measured at fair value through profit or loss, recorded as dividend income.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Investments carried at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system for investments carried at amortised cost are explained in note 53.02.

(Rs. in crores)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1 individual	Stage 2 individual	Stage 3	Total	Stage 1 individual	Stage 2 individual	Stage 3	Total
Internal rating grade								
Performing								
High grade	2,767.25	-	-	**2,767.25**	2,425.63	-	-	**2,425.63**
Standard grade	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Individually Impaired	-	52.67	-	**52.67**	-	-	-	-
Total	**2,767.25**	**52.67**	-	**2,819.92**	**2,425.63**	-	-	**2,425.63**

An analysis of changes in gross carrying amount and the corresponding ECLs on investments carried at amortised cost is as follows:

(Rs. in crores)

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	2,425.63	-	-	**2,425.63**	2,267.04	52.67	-	**2,319.71**
New assets originated or purchased	1,190.59	-	-	**1,190.59**	798.22	-	-	**798.22**
Assets derecognised or matured (excluding write-offs)	(796.51)	-	-	**(796.51)**	(692.10)	-	-	**(692.10)**
Change in fair value	0.21	-	-	**0.21**	(0.20)	-	-	**(0.20)**
Transfers to stage 1	-	-	-	-	52.67	(52.67)	-	-
Transfers to stage 2	(52.67)	52.67	-	-	-	-	-	-
Closing balance	**2,767.25**	**52.67**	-	**2,819.92**	**2,425.63**	-	-	**2,425.63**

Investments carried at amortised cost

Reconciliation of ECL balance is given below: **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**				**Year ended March 31, 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance in ECL	**0.01**	**-**	**-**	**0.01**	**-**	**0.07**	**-**	**0.07**
New assets originated or purchased	-	-	-	-	-	-	-	-
Transfers to stage 1	-	-	-	-	0.07	(0.07)	-	-
Transfers to stage 2	(0.01)	0.01	-	-	-	-	-	-
Unwinding of discount (recognised in interest income)	-	0.93	-	**0.93**	-	-	-	**-**
Changes to models and inputs used for ECL calculations	23.79	17.50	-	**41.29**	(0.06)	-	-	**(0.06)**
Closing balance in ECL	**23.79**	**18.44**	**-**	**42.23**	**0.01**	**-**	**-**	**0.01**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 14: Other financial assets **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits *	45.15	36.88
Total	**45.15**	**36.88**

* Net of allowance for impairment loss recognised on security deposit Rs. 0.60 crore (March 31, 2019: Rs. 1.28 crores).

Note 15: Current tax assets (net) **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax [net of provision for income tax Rs. 2,910.66 crores (March 31, 2019: Rs. 2,909.82 crores)]	249.10	106.58
Total	**249.10**	**106.58**

Note 16: Investment property **(Rs. in crores)**

Particulars	As at March 31, 2020			As at March 31, 2019		
	Freehold Land	Buildings	Total	Freehold Land	Buildings	Total
Gross block at cost						
Opening balance	**0.70**	**1.45**	**2.15**	**0.70**	**1.45**	**2.15**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing balance	**0.70**	**1.45**	**2.15**	**0.70**	**1.45**	**2.15**
Accumulated depreciation and impairment						
Opening balance	**-**	**0.09**	**0.09**	**-**	**0.06**	**0.06**
Depreciation charge for the year	-	0.03	0.03	-	0.03	0.03
Disposals	-	-	-	-	-	-
Closing balance	**-**	**0.12**	**0.12**	**-**	**0.09**	**0.09**
Net carrying amount	**0.70**	**1.33**	**2.03**	**0.70**	**1.36**	**2.06**

(i) Amounts recognised in Statement of Profit and Loss for Investment property

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rental income from investment property	0.22	0.22
Direct operating expenses arising from investment property that generated rental income during the year	0.06	0.03
Direct operating expenses arising from investment property that did not generate rental income during the year	-	-
Profit from investment property before depreciation	**0.16**	**0.19**
Depreciation charge for the year	0.03	0.03
Profit from investment property after depreciation	**0.13**	**0.16**

(ii) Contractual obligations

The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

(iii) Fair value

The fair value of the investment property as at March 31, 2020 is Rs. 6.43 crores (March 31, 2019: Rs. 6.43 crores).

(iv) Pledged details

Investment property is not pledged.

(v) Estimation of fair value

The fair values of investment property is determined by guidance value given by the local government of the area where the investment properties are located.

(vi) Leasing arrangements

Investment properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 17: Property, plant and equipment **(Rs. in crores)**

Particulars	Freehold Land	Building	Plant and equipment	Computers	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Total
Gross block at cost									
As at April 01, 2018	**0.15**	**2.72**	**8.82**	**33.62**	**17.81**	**20.24**	**0.54**	**62.26**	**146.16**
Additions	0.50	0.78	1.86	19.20	8.40	6.73	-	31.92	**69.39**
Disposals	-	1.11	0.90	7.95	1.60	1.17	0.27	5.79	**18.79**
Adjustment*	-	-	-	-	0.01	-	-	(0.01)	-
As at March 31, 2019	**0.65**	**2.39**	**9.78**	**44.87**	**24.62**	**25.80**	**0.27**	**88.38**	**196.76**
Additions	-	-	1.53	17.66	9.12	5.38	-	22.74	**56.43**
Disposals	0.06	-	0.29	8.24	2.15	0.78	0.02	6.13	**17.67**
Adjustment*	-	-	0.07	-	-	0.29	-	(0.36)	-
As at March 31, 2020	**0.59**	**2.39**	**11.09**	**54.29**	**31.59**	**30.69**	**0.25**	**104.63**	**235.52**
Accumulated depreciation and impairment									
As at April 01, 2018	-	**0.04**	**1.00**	**5.70**	**4.66**	**1.96**	**0.03**	**14.54**	**27.93**
Charge for the year	-	0.05	1.36	12.37	4.98	2.84	0.08	20.24	**41.92**
Disposals	-	0.17	0.80	7.27	1.48	1.00	0.26	5.57	**16.55**
Adjustment*	-	-	-	-	0.01	-	-	(0.01)	-
As at March 31, 2019	-	**(0.08)**	**1.56**	**10.80**	**8.17**	**3.80**	**(0.15)**	**29.20**	**53.30**
Charge for the year	-	0.05	1.47	15.56	5.49	3.28	0.07	22.66	**48.58**
Disposals	-	-	0.23	7.44	1.98	0.66	0.01	5.92	**16.24**
Adjustment*	-	-	0.02	-	-	0.10	-	(0.12)	-
As at March 31, 2020	-	**(0.03)**	**2.82**	**18.92**	**11.68**	**6.52**	**(0.09)**	**45.82**	**85.64**
Net carrying amount as at March 31, 2019	**0.65**	**2.47**	**8.22**	**34.07**	**16.45**	**22.00**	**0.42**	**59.18**	**143.46**
Net carrying amount as at March 31, 2020	**0.59**	**2.42**	**8.27**	**35.37**	**19.91**	**24.17**	**0.34**	**58.81**	**149.88**

* Adjustment is on account of regrouping of property, plant and equipment and other intangible assets.

Carrying value of property, plant and equipment pledged as collateral for liabilities as at March 31, 2020 is Rs. 0.36 crores (March 31, 2019: Rs. 0.34 crores).

Note 18: Leases

A] This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

The Balance sheet shows the following amounts relating to leases

Right-of-use assets **(Rs. in crores)**

Particulars	**As at March 31, 2020**
Office premises	
As at March 31, 2019	**-**
Right-of-use assets on transition	**371.83**
Additions	71.36
Depreciation charge for the year	(91.17)
Deletions	(24.18)
Net carrying amount as at March 31, 2020	**327.84**

Lease liabilities

Maturity analysis of lease liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**
Less than 1 year	80.97
1 to 2 years	74.50
2 to 3 years	61.40
3 to 4 years	47.99
4 to 5 years	35.80
More than 5 years	62.15
Total	**362.81**

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach, recognising right-of-use assets and adjusted lease liability. As per Ind AS 116, lease commitments are recognised as lease liability and need not be disclosed under contingent liabilities and commitments.

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 11 to 180 months. There are no restrictions imposed by lease arrangements.

(Rs. in crores)

	Particulars	**As at March 31, 2020**
(ii)	**Amounts recognised in the Statement of Profit or Loss**	
	Depreciation charge of right-of-use assets (included in depreciation, amortisation and impairment)	91.17
	Interest expense (included in finance costs)	33.73
	Expense relating to short-term leases (included in other expenses)	9.88
	Expense relating to variable lease payments not included in lease liabilities (included in other expenses).	-
	Income from subleasing right-of-use assets(included in other income)	8.61
(iii)	Gains or losses arising from sale and leaseback transactions	-
(iv)	The total cash outflow for leases during the year ended March 31, 2020	110.46

The weighted average incremental borrowing rate of 9.09% has been applied to lease liabilities recognised in the balance sheet as at April 01, 2019 .

The difference between the operating lease commitments disclosed applying Ind AS 17 as of March 31, 2019 and the value of the lease liability arrived using the incremental borrowing rate as of April 01, 2019 is primarily on account of exclusion of short term leases in measuring the lease liability in accordance with Ind AS 116.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

B] This note provides information for leases where the Company is a lessor.

The Company has given office premises under lease. The income from lease recognised in the Statement of Profit and Loss are Rs. 0.22 crore (March 31, 2019: Rs. 0.22 crore). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 108 months.

Future minimum lease receivables under non-cancellable leases as at March 31, 2020 are as follows:

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Within one year	0.16	0.15
After one year but not more than five years	0.42	0.58
More than five years	-	-
Total	**0.58**	**0.73**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 19: Other intangible assets # **(Rs. in crores)**

Particulars	**Computer software**
Gross block at cost	
As at April 01, 2018	**2.63**
Additions	1.36
Disposals	1.93
As at March 31, 2019	**2.06**
Additions	1.96
Disposals	-
As at March 31, 2020	**4.02**
Accumulated amortisation and impairment:	
As at April 01, 2018	**0.89**
Charge for the year	1.03
Disposals	1.83
Adjustment*	0.00
As at March 31, 2019	**0.09**
Charge for the year	1.26
Disposals	-
As at March 31, 2020	**1.35**
Net carrying amount as at March 31, 2019	**1.97**
Net carrying amount as at March 31, 2020	**2.67**

* Adjustment is on account of regrouping of property, plant and equipment and other intangible assets

Other than internally generated

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Note 20: Other non-financial assets

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deferred lease rental	-	8.67
Goods and services tax credit (input) receivable	66.86	52.06
Prepaid expenses	8.21	8.32
Capital advances	0.86	3.04
Duties paid under protest	86.40	64.68
Other non-financial assets	7.24	6.89
Total	**169.57**	**143.66**

Note 21: Payables

Trade payables **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(i) total outstanding dues of micro enterprises and small enterprises (refer note 54)	0.40	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises *	143.44	133.46
Total	**143.84**	**133.46**

*Includes payable to associate Rs. 0.41 crores (March 31, 2019: Rs. Nil).

Other payables **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.13	2.72
Total	**1.13**	**2.72**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 22: Debt securities **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Secured		
Redeemable non-convertible debentures		
- Public issue ¥	5,796.78	5,770.85
- Privately placed ¥¥	14,204.14	19,127.33
External commercial bond	12,607.01	2,769.96
Senior secured notes	1,204.92	2,564.99
Unsecured		
Redeemable non-convertible debentures		
- Privately placed	454.11	444.83
Commercial papers	-	3,503.80
Total	**34,266.96**	**34,181.76**
Debt securities in India	20,455.03	28,846.81
Debt securities outside India	13,811.93	5,334.95
Total	**34,266.96**	**34,181.76**

¥ includes Rs. 40.50 crores (March 31, 2019 Rs.14.49 crores) issued to related parties including Directors.
¥¥ includes Rs. Nil (March 31, 2019 Rs. 82.81 crores) issued to related parties.

Note 23: Borrowings (other than debt securities) **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Secured		
Term loan from banks - INR	13,259.27	11,831.39
Term loan from banks - FCNR	-	411.52
Term loan from financial institutions/corporates - INR	1,446.29	3,413.04
External commercial borrowing - FCNR	4,300.61	2,376.53
Loans repayable on demand from banks (Cash credit from banks)	2,016.39	1,418.30
Other loans - INR -Securitisation liabilities	21,452.04	17,738.52
Total	**42,474.60**	**37,189.30**
Borrowings in India	38,173.99	34,401.25
Borrowings outside India	4,300.61	2,788.05
Total	**42,474.60**	**37,189.30**

Note 24: Deposits **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
At amortised cost		
Unsecured		
Deposits		
i. Public deposits *	11,768.48	10,169.76
ii. From corporate **	152.22	145.32
iii. Inter-corporate deposits from associate	39.42	26.38
Total	**11,960.12**	**10,341.46**

* includes Rs. 1.58 crores (March 31, 2019 Rs. 1.42 crores) accepted from related parties including Director.
** includes Rs. 1.55 crores (March 31, 2019 Rs. 14.99 crores) accepted from related parties.

Note 25: Subordinated liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
At amortised cost		
Unsecured		
Subordinated debts - Debentures #	5,138.00	5,243.09
Subordinated debts - Bonds ##	532.07	958.79
Total	**5,670.07**	**6,201.88**
Subordinated debts in India	5,670.07	6,201.88
Subordinated debts outside India	-	-
Total	**5,670.07**	**6,201.88**

includes Rs. 422.19 crores (March 31, 2019 Rs. 470.39 crores) issued to related parties.

includes Rs. 3.17 crores (March 31, 2019 Rs. 5.92 crores) issued to related parties.

I Debt securities

A) Redeemable non-convertible debenture (NCD) -secured

i) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2013)-2

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12-24 months	-	104.94	-	**104.94**
Total	**-**	**104.94**	**-**	**104.94**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12-24 months	-	100.99	-	**100.99**
Total	**-**	**100.99**	**-**	**100.99**

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 500.00 crores raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

As per the terms of the issue NCD 2013 (2) Rs. 114.68 crores were redeemed on October 23, 2018.
As per the terms of the issue Rs. 294.01 crores were redeemed on October 24, 2016.

ii) Public issue of redeemable non-convertible debentures of Rs. 1,000/- each-(2014)

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
12-24 months	35.05	198.45	-	**233.50**
Total	**35.05**	**198.45**	**-**	**233.50**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
24-36 months	-	227.59	-	**227.59**
12-24 months	27.80	437.16	-	**464.96**
Total	**27.80**	**664.75**	**-**	**692.55**

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 1,974.85 crores raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

As per the terms of the issue Rs. 427.15 crores were redeemed on July 15, 2019.
As per the terms of the issue Rs. 1,348.33 crores were redeemed on July 15, 2017.

iii) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 1)

Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	496.11	-	-	**496.11**
36-48 months	825.13	-	-	**825.13**
12-24 months	2,427.46	-	-	**2,427.46**
Total	**3,748.70**	**-**	**-**	**3,748.70**

I Debt securities

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	609.81	-	-	**609.81**
48-60 months	813.37	-	-	**813.37**
24-36 months	2,407.61	-	-	**2,407.61**
Total	**3,830.79**	**-**	**-**	**3,830.79**

Nature of security
Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 3,648.52 crores raised from public issue (net off expenses) towards repayment of borrowings as per the objects stated in the prospectus for the issue.

As per the terms of the issue Rs. 107.40 crores were redeemed on December 26, 2019

iv) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 2)
Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	71.51	-	-	**71.51**
36-48 months	262.12	-	-	**262.12**
12-24 months	-	295.02	-	**295.02**
Total	**333.63**	**295.02**	**-**	**628.65**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	71.59	-	-	**71.59**
48-60 months	254.12	-	-	**254.12**
24-36 months	-	288.65	-	**288.65**
Total	**325.71**	**288.65**	**-**	**614.36**

Nature of security
Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 606.79 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

v) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2018 - 3)
Terms of repayment as on March 31, 2020 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	59.87	-	-	**59.87**
36-48 months	232.06	-	-	**232.06**
12-24 months	-	253.76	-	**253.76**
Total	**291.93**	**253.76**	**-**	**545.69**

Terms of repayment as on March 31, 2019 **(Rs. in crores)**

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	59.73	-	-	**59.73**
48-60 months	226.96	-	-	**226.96**
24-36 months	-	245.47	-	**245.47**
Total	**286.69**	**245.47**	**-**	**532.16**

Nature of security
Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company had utilised the entire sum of Rs. 537.32 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

I Debt securities

vi) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2019 - 1)

Terms of repayment as on March 31, 2020 (Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
over 60 months	20.48	41.75	-	**62.23**
48-60 months	33.47	66.95	-	**100.42**
24-36 months	41.21	86.90	-	**128.11**
12-24 months	-	54.98	-	**54.98**
Total	**95.16**	**250.58**	**-**	**345.74**

Outstanding as at March 31, 2019 is Rs. Nil.

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 339.94 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

vii) Public issue of Non-convertible debentures (NCD) of Rs. 1,000/- each-(IPO 2019 - 2)

Terms of repayment as on March 31, 2020 (Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	26.19	-	-	**26.19**
48-60 Months	64.80	-	-	**64.80**
24-36 months	78.09	20.48	-	**98.57**
Total	**169.08**	**20.48**	**-**	**189.56**

Outstanding as at March 31, 2019 is Rs. Nil.

Nature of security

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of immovable property.

The Company has utilised the entire sum of Rs. 193.67 crores raised from public issue (net off expenses) for the purpose of onward disbursements as per the objects stated in the prospectus for the issue.

viii) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10%* ¥^	>= 10% < 12% *^	>= 12% < 14%	>=14% <16%	
over 60 months	524.89	-	-	-	**524.89**
48-60 months	154.80	1,299.08	-	-	**1,453.88**
36-48 months	210.38	172.02	-	-	**382.40**
24-36 months	1,780.18	202.41	148.38	-	**2,130.97**
12-24 months ^	4,481.32	804.89	-	-	**5,286.21**
upto 12 months *¥^	4,045.92	379.87	-	-	**4,425.79**
Total	**11,197.49**	**2,858.27**	**148.38**	**-**	**14,204.14**

* Includes 1 NCD of Rs. 666.00 crores partly paid to the extent of Rs. 666,000/- (50% redeemed)
* Includes 1 NCD of Rs. 25.00 crores partly paid to the extent of Rs. 111,111.11
^NCD amounting to Rs. 1,867.30 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under (Rs. in crores)

Sr No	Rate of interest	Amount	Put/Call option date
1	8.87%	110.00	August 7, 2020
Total		**110.00**	

I Debt securities

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	Rate of interest				Total
	< 10% *^¥	>= 10% < 12% ^	>= 12% < 14%	>=14% <16%	
over 60 months	692.23	1,334.80	-	-	**2,027.03**
48-60 months	210.24	190.84	-	-	**401.08**
36-48 months ^	1,522.76	-	145.77	-	**1,668.53**
24-36 months ^¥	4,687.66	220.02	-	-	**4,907.68**
12-24 months*^¥	2,227.78	980.85	199.10	13.61	**3,421.34**
upto 12 months ¥^	6,701.67	-	-	-	**6,701.67**
Total	**16,042.34**	**2,726.51**	**344.87**	**13.61**	**19,127.33**

* Includes 1 NCD of Rs. 300.00 crores partly paid to the extent of Rs. 500,000/-
* Includes 3 NCD of Rs. 80.00 crores partly paid to the extent of Rs. 50,000/-
* Includes 2 NCD of Rs. 90.00 crores partly paid to the extent of Rs. 60,000/-
* Includes 1 NCD of Rs. 666.00 crores partly paid to the extent of Rs. 666,000/-
* Includes 1 NCD of Rs. 25.00 crores partly paid to the extent of Rs.111,111.11
* Includes 1 NCD of Rs. 15.00 crores partly paid to the extent of Rs. 100,000/-

^NCD amounting to Rs. 2,177.00 crores issued at zero coupon rates and redeemable at premium are included in above on the basis of IRR.

¥ Out of the above NCDs having put/call option are as under **(Rs. in crores)**

Sr No	Rate of interest	Amount	Put/Call option date
1	8.87%	110.00	August 7, 2020
2	8.10%	300.00	March 23, 2020
3	8.79%	45.00	May 22, 2019
Total		**455.00**	

Nature of security
Secured by specific assets covered under hypothecation loan and by way of exclusive charge and equitable mortgage of immovable property.

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(Rs. in crores)

Total non-convertible debentures-secured	As at March 31, 2020	As at March 31, 2019
Public issue (i+ii+iii+iv+v+vi+vii)	5,796.78	5,770.85
Privately placed (viii)	14,204.14	19,127.33
Total non-convertible debentures-secured	**20,000.92**	**24,898.18**

B) External commercial bond (ED) Secured
Privately Placed Redeemable External commercial bond of Rs. 100,000/- each
Terms of repayment as on March 31, 2020

(Rs. in crores)

Detail	< 10%	>= 10% < 12%	Total
36-48 months	3,808.17	-	**3,808.17**
24-36 months	5,772.26	-	**5,772.26**
12-24 months	-	3,026.58	**3,026.58**
Total	**9,580.43**	**3,026.58**	**12,607.01**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Detail	Rate of interest	Total
24-36 months	>=10% <12%	2,769.96
Total		**2,769.96**

During the year ended March 31, 2020, the Company issued and allotted USD 250,000,000 5.3750% senior secured notes due 2022 in offshore market (notes) equivalent to Rs. 1,714.38 crores under USD 2,000,000,000 Global Medium Term Note Programme. The said notes are listed on Singapore Stock Exchange (SGX- ST). The proceeds of the issue of the notes have been utilised for the purpose of onward lending and other activities as may be permitted by the ECB Directions.

I Debt securities

During the year ended March 31, 2020, the Company issued and allotted USD 500,000,000 5.100% senior secured notes due 2023 in offshore market (Social Bonds) equivalent to Rs. 3,541.75 crores under USD 3,000,000,000 Global Medium Term Note Programme. The said Social Bonds are listed on Singapore Stock Exchange (SGX- ST). The proceeds of the issue of the Social Bonds have been utilised for the purpose of onward lending and other activities as per the Company's Social Finance Framework and as may be permitted by the ECB Directions.

During the year ended March 31, 2019, the Company issued and allotted senior secured notes in offshore market (notes) aggregating to INR 2,849.90 crores consisting of 5.70% notes due 2022 under INR 5,000 crores Medium Term Note Programme. The notes issued by the Company are listed on Singapore Stock Exchange (SGX- ST). The proceeds of the issue have been utilised for the purpose of onward disbursements.

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

C) Senior secured notes

Senior secured notes of Rs. 10,000,000/- each

Terms of repayment

(Rs. in crores)

Detail	**Rate of interest**	**As at March 31, 2020**	**As at March 31, 2019**
48-60 months	<10%	-	882.97
36-48 months	<10%	885.54	-
24-36 months	<10%	-	317.48
12-24 months	<10%	-	1,364.54
upto 12 months	<10%	319.38	-
Total		**1,204.92**	**2,564.99**

During the year ended March 31, 2018, the Company had issued senior secured notes in offshore market (notes) aggregating to INR 1,160 crores consisting of INR 840 crores 8.10% notes due 2023 and INR 320 crores 7.90% notes due 2021 payable in US dollars under INR 5,000 crores Medium Term Note Programme. The notes issued by the Company are listed on Singapore Stock Exchange (SGX- ST).

The Company had utilised the entire sum of Rs. 1,160.00 crores raised from Senior secured notes towards asset financing activities as per the objects stated in the prospectus for the issue.

During the year ended March 31, 2017, the Company had issued Rs. 1,350.00 crores 8.25 % senior secured notes at the price of 100.18% that are due for repayment on February 18, 2020. The said notes (with ISIN - XS 1549374475) are listed and traded on the Singapore Exchange (SGX-ST) with a minimum board lot size of S $200,000.

The Company had utilised the entire sum of Rs. 1,350.00 crores raised from Senior secured notes towards asset financing activities as per the objects stated in the prospectus for the issue.

As per the terms of the issue, Rs. 1,350.00 crores were redeemed on February 18, 2020. .

Nature of security

Secured by way of an exclusive fixed charge over hypothecation loan receivables of the Company.

D) Redeemable non-convertible debenture (NCD) -unsecured

i) Privately placed redeemable non-convertible debenture of Rs. 1,000,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	**Rate of interest**			**Total**
	< 10%	**>= 10% < 12%**	**>= 12% < 14%**	
48-60 months	-	-	454.11	**454.11**
Total	**-**	**-**	**454.11**	**454.11**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par/premium (from the date of the Balance Sheet)	**Rate of interest**			**Total**
	< 10%	**>= 10% < 12%**	**>= 12% < 14%**	
over 60 months	-	-	444.83	**444.83**
Total	**-**	**-**	**444.83**	**444.83**

I Debt securities

E) Commercial paper (CP) - unsecured
Privately placed redeemable commercial paper of Rs. 500,000/- each
Terms of repayment as on March 31, 2020
Outstanding as at March 31, 2020 is Rs. Nil.

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
upto 12 months	3,503.80	-	-	3,503.80
Total	**3,503.80**	**-**	**-**	**3,503.80**

II Borrowings (other than debt securities)

A) Term loans from banks -secured (INR)

As at March 31, 2020

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	8.50% to 9.50%	20 instalments of quarterly frequency	2,265.25
36-48 months	8.91% to 9.68%	20 instalments of quarterly frequency	583.49
24-36 months	8.11% to 9.63%	1 to 36 instalments of bullet, monthly, quarterly and specific frequency	2,469.48
12-24 months	7.00% to 9.90%	1 to 20 instalments of bullet, quarterly and specific frequency	3,112.87
upto 12 months	7.47% to 12.25%	1 to 36 instalments of bullet, monthly, quarterly, half-yearly and specific frequency	4,828.18
Total			**13,259.27**

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	8.50% to 10.74%	20 to 21 instalments of quarterly frequency	749.37
36-48 months	8.56% to 9.48%	20 instalments of quarterly frequency	2,343.59
24-36 months	8.30% to 9.85%	12 to 20 instalments of quarterly and specific frequency	2,169.61
12-24 months	8.45% to 10.35%	7 to 36 instalments of monthly, quarterly and specific frequency	2,256.55
upto 12 months	7.75% to 10.76%	1 to 48 instalments of bullet, monthly, quarterly, half-yearly and yearly frequency	4,312.27
Total			**11,831.39**

Loans are classified in respective time buckets based on option date.

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

B) Term loans from banks -secured (FCNR)

As at March 31, 2020

Outstanding as at March 31, 2020 is Rs. Nil.

As at March 31, 2019

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
upto 12 months	2.59% to 9.37%	1 to 10 instalments of bullet, quarterly and specific frequency	411.52
Total			**411.52**

Loans are classified in respective time buckets based on option date.

Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

C) Term loans from financial institutions/corporates -secured (INR)

As at March 31, 2020

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	10.20%	11 instalments of specific frequency	227.76
36-48 months	10.50%	11 instalments of specific frequency	461.02
12-24 months	7.95% to 9.21%	11 to 20 instalments of quarterly and specific frequency	646.94
upto 12 months	8.60% to 9.29%	1 to 20 instalments of bullet and quarterly frequency	110.57
Total			**1,446.29**

Loans are classified in respective time buckets based on option date.

Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment # **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
over 60 months	10.20%	11 instalments of half-yearly and specific frequency	320.35
48-60 months	10.50%	11 instalments of half-yearly and specific frequency	712.29
36-48 months	8.40% to 9.98%	11 to 20 instalments of quarterly and specific frequency	1,121.92
12-24 months	8.75% to 9.27%	1 to 20 instalments of bullet and quarterly frequency	771.76
upto 12 months	8.60% to 10.50%	1 to 20 instalments of bullet, quarterly and half-yearly frequency	486.72
Total			**3,413.04**

Loans are classified in respective time buckets based on option date.

Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

D) External commercial borrowing

As at March 31, 2020

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
over 60 months	8.63% to 11.06%	11 to 13 instalments of half-yearly and specific frequency	1,694.61
36-48 months	9.83% to 10.02%	Bullet frequency	2,606.00
Total			**4,300.61**

Nature of security
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	9.83% to 10.02%	Bullet frequency	2,376.53
Total			**2,376.53**

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

E) Other loans - INR -Securitisation liabilities

As at March 31, 2020

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
above 60 months	9.40% to 10.02%	1 to 57 instalments monthly frequency	676.13
48-60 months	7.99% to 10.97%	1 to 63 instalments monthly frequency	9,882.22
36 - 48 months	8.32% to 10.56%	1 to 61 instalments monthly frequency	6,053.47
24 - 36 months	6.90% to 8.87%	1 to 60 instalments monthly frequency	2,526.03
12 - 24 months	7.00% to 7.53%	1 to 55 instalments monthly frequency	303.11
below 12 months	8.28% to 10.21%	1 to 57 instalments monthly frequency	2,011.08
Total			**21,452.04**

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

As at March 31, 2019

Terms of repayment **(Rs. in crores)**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Amount
48-60 months	8.31% to 10.38%	1 to 61 instalments of monthly frequency	9,473.46
36 - 48 months	6.90% to 8.81%	1 to 60 instalments of monthly frequency	5,795.92
24 - 36 months	7.00% to 8.51%	1 to 55 instalments of monthly frequency	2,170.32
12 - 24 months	7.54% to 8.30%	1 to 55 instalments of monthly frequency	298.82
Total			**17,738.52**

Nature of security

Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans.

F) Loans repayable on demand from banks (Cash credit from banks) **(Rs. in crores)**

Particulars	Rate of interest	As at March 31, 2020
Secured by hypothecation of specific assets covered under hypothecation loan agreements	8.00 % to 11.40 %	2,016.39
Total		**2,016.39**

(Rs. in crores)

Particulars	Rate of interest	As at March 31, 2019
Secured by hypothecation of specific assets covered under hypothecation loan agreements	8.10 % to 11.95 %	1,418.30
Total		**1,418.30**

III Deposits

A) Deposits from public - unsecured -[refer note 64]

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	1,010.22	-	**1,010.22**
36-48 months	1,140.06	-	**1,140.06**
24-36 months	3,089.58	-	**3,089.58**
12-24 months	3,766.76	-	**3,766.76**
upto 12 months	2,761.85	-	**2,761.85**
Total	**11,768.47**	**-**	**11,768.47**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	1,050.68	-	**1,050.68**
36-48 months	944.76	-	**944.76**
24-36 months	3,583.09	-	**3,583.09**
12-24 months	2,201.39	-	**2,201.39**
upto 12 months	2,093.31	296.53	**2,389.84**
Total	**9,873.23**	**296.53**	**10,169.76**

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits from public	11,768.47	10,169.76

B) Deposits from corporates - unsecured
Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	4.53	-	**4.53**
36-48 months	2.16	-	**2.16**
24-36 months	18.08	-	**18.08**
12-24 months	71.44	-	**71.44**
upto 12 months	56.01	-	**56.01**
Total	**152.22**	**-**	**152.22**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest		Total
	< 10%	>= 10% < 12%	
48-60 months	16.54	-	**16.54**
36-48 months	6.13	-	**6.13**
24-36 months	24.02	-	**24.02**
12-24 months	35.17	-	**35.17**
upto 12 months	63.12	0.34	**63.46**
Total	**144.98**	**0.34**	**145.32**

C) Inter-corporate deposits from associate

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2020
upto 12 months	7.50%	Bullet repayment	39.42
Total			**39.42**

(Rs. in crores)

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	As at March 31, 2019
upto 12 months	9.50%	Bullet repayment	26.38
Total			**26.38**

IV Subordinated liabilities

A) Subordinated liabilities -unsecured - Bonds
i) Privately placed subordinated debts of Rs. 1,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
upto 12 months	-	532.07	-	**532.07**
Total	**-**	**532.07**	**-**	**532.07**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
12-24 months	-	492.67	-	**492.67**
upto 12 months	-	466.12	-	**466.12**
Total	**-**	**958.79**	**-**	**958.79**

(Rs. in crores)

Subordinated liabilities (unsecured) - Bonds	As at March 31, 2020	As at March 31, 2019
Privately placed	532.07	958.79
Total Subordinated liabilities (unsecured) - Bonds	**532.07**	**958.79**

B) Subordinated liabilities -unsecured - Debentures
i) Privately placed subordinated liabilities of Rs. 100,000/- each

Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
upto 12 months	-	74.94	-	**74.94**
Total	**-**	**74.94**	**-**	**74.94**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
12-24 months	-	74.92	-	**74.92**
upto 12 months	-	67.04	-	**67.04**
Total	**-**	**141.96**	**-**	**141.96**

ii) Privately placed subordinated liabilities of Rs. 1,000,000/- each
Terms of repayment as on March 31, 2020

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
over 60 months	1,570.91	135.51	-	**1,706.42**
48-60 months	40.97	531.22	1,609.30	**2,181.49**
36-48 months	-	332.37	-	**332.37**
24-36 months	-	308.85	-	**308.85**
12-24 months	-	-	51.86	**51.86**
upto 12 months	-	482.07	-	**482.07**
Total	**1,611.88**	**1,790.02**	**1,661.16**	**5,063.06**

Terms of repayment as on March 31, 2019

(Rs. in crores)

Redeemable at par (from the date of the Balance Sheet)	Rate of interest			Total
	<10%	>=10% <12%	>=12% <14%	
over 60 months	1,611.01	662.08	1,580.12	**3,853.21**
48-60 months	-	332.10	-	**332.10**
36-48 months	-	308.59	-	**308.59**
24-36 months	-	-	51.77	**51.77**
12-24 months	-	481.33	-	**481.33**
upto 12 months	-	74.13	-	**74.13**
Total	**1,611.01**	**1,858.23**	**1,631.89**	**5,101.13**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

(Rs. in crores)

Subordinated liabilities (unsecured) - Debentures	As at March 31, 2020	As at March 31, 2019
Privately placed (i+ii)	5,138.00	5,243.09
Total Subordinated liabilities (unsecured) - Debentures	**5,138.00**	**5,243.09**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 26: Other financial liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Investor education and protection fund shall be credited by the following amounts (as and when due)		
- Unclaimed dividend	10.57	10.69
- Unclaimed matured deposits and interest accrued thereon	150.02	173.40
- Unclaimed matured debentures and interest accrued thereon	15.45	18.33
- Unclaimed matured subordinated debts and interest accrued thereon	81.69	46.61
Temporary credit balance in bank accounts	26.63	68.95
Payable on account of assignment	78.78	131.67
Payable to dealers	0.99	6.20
Payable to employees	146.41	125.15
Retention money and other sundry liabilities	217.27	217.73
Other liabilities *	184.51	217.75
Total	**912.32**	**1,016.48**

* Other liabilities include amount payable to Banks for credit card payments, settlement dues payable to resigned employees.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 27: Current tax liabilities (Net) **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
For taxation [net of advance tax Rs. 1,077.82 crores (March 31, 2019: Rs. 2.64 crores)]	102.02	102.97
Total	**102.02**	**102.97**

Note 28: Provisions **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
For employee benefits		
For gratuity (refer note 46)	3.37	1.28
For compensated absences (leave encashment and availment)	34.06	27.47
For others		
For undrawn loan commitment	16.15	11.76
For taxes- contested	92.75	92.75
Total	**146.33**	**133.26**

Financial guarantee obligation

An analysis of changes in the gross carrying amount in relation to financial guarantee exposure is, as follows:
Gross exposure reconciliation **(Rs. in crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of outstanding exposure	-	871.76
Additions	-	-
Deletions	-	(871.76)
Closing balance of outstanding exposure	-	-

Reconciliation of ECL on financial guarantee obligation is given below:

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Simplified approach	Simplified approach
Financial guarantee obligation - opening balance	-	72.93
Additions	-	-
Deletions	-	(72.93)
Financial guarantee obligation - closing balance	-	-

Loan commitments

Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 53.02 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 53.02.02.06.

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
	Stage 1 Collective	Stage 1 Collective
Internal rating grade		
Performing		
High grade	311.87	471.92
Total	**311.87**	**471.92**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

Gross exposure reconciliation **(Rs. in crores)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Stage 1	Stage 1
Opening balance of outstanding exposure	471.92	124.86
New exposures	233.39	449.02
Exposures derecognised or matured/repaid (excluding write offs)	(393.44)	(101.96)
Closing balance of outstanding exposure	**311.87**	**471.92**

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below:

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	General approach	General approach
	Stage 1	Stage 1
ECL allowance - opening balance	11.76	5.05
New exposures	10.78	11.13
Exposures derecognised or matured (excluding write offs)	(6.39)	(4.42)
ECL allowance - closing balance	**16.15**	**11.76**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 29: Other non-financial liabilities **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Statutory dues payable	73.96	54.87
Advance from customers	9.32	14.62
Total	**83.28**	**69.49**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 30: Equity share capital **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised:		
647,000,000 (March 31, 2019: 647,000,000) equity shares of Rs.10/- each	647.00	647.00
95,000,000 (March 31, 2019: 95,000,000) preference shares of Rs.100/- each	950.00	950.00
	1,597.00	**1,597.00**
Issued share capital		
226,888,877 (March 31, 2019: 226,936,877) equity shares of Rs. 10/- each	226.89	226.94
Subscribed share capital		
226,882,736 (March 31, 2019: 226,930,736) equity shares of Rs. 10/- each	226.88	226.93
Paid up (fully paid up)		
Equity shares		
226,882,736 (March 31, 2019: 226,882,736) equity shares of Rs. 10/- each fully paid up	226.88	226.88
	226.88	**226.88**
Nil [March 31, 2019: 48,000 equity shares of Rs.10/- each (Rs. 5/- each paid up forfeited)] *	-	0.02
Total Equity	**226.88**	**226.90**

* The shareholders in their 40th annual general meeting held on June 27, 2019 considered and approved the cancellation of the forfeited shares from the issued and subscribed share capital of the Company.

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Number of shares	(Rs. in crores)
As at March 31, 2018	**226,882,736**	**226.88**
Issued during the year	-	-
As at March 31, 2019	**226,882,736**	**226.88**
Issued during the year	-	-
As at March 31, 2020	**226,882,736**	**226.88**

b. Terms/ rights attached to equity shares

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

During the year ended March 31, 2020, the total dividend per equity share proposed for distribution to equity shareholders is Rs. 5.00 (March 31, 2019 : Rs. 12.00). Out of the said total dividend proposed for the year ended March 31, 2020, amount of interim dividend paid during the year was Rs. 5.00 (March 31, 2019 : Rs. 5.00) per equity share and amount of final dividend proposed by the Board of Directors is Rs. Nil (March 31, 2019: Rs. 7.00) per equity share. The Board of Directors at its meeting held on October 24, 2019, had declared interim dividend of Rs. 5/- per equity share of Rs. 10/- each for the financial year 2019-2020. The payment was made on November 19, 2019. In order to conserve cash resources to face the challenges and the contingencies created by Corona virus pandemic, the Board of Directors have not recommended the final dividend. As such, the interim dividend shall be the final dividend for the financial year 2019-20.

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

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

Nil

d. Details of shareholders holding more than 5% equity shares in the Company

Details of shareholding	As at March 31, 2020		As at March 31, 2019	
Name of the shareholder	**Number of shares**	**% holding**	**Number of shares**	**% holding**
Equity shares of Rs. 10/- each				
Shriram Capital Limited	59,504,947	26.23%	59,173,023	26.08%
Piramal Enterprises Limited	Nil	Nil	22,600,000	9.96%

e. Refer note 51- Capital management for the Company's objectives, policies and processes for managing capital

f. Proposed dividends on equity shares:

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Proposed dividend on equity shares for the year ended on March 31, 2020: Rs. Nil per share (March 31, 2019: Rs. 7.00 per share)	-	158.82
Tax on proposed dividend	-	32.65
Total	**-**	**191.47**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 31: Other equity **(Rs. in crores)**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Statutory reserve (Pursuant to Section 45-IC of The RBI Act, 1934)		
Opening Balance	**3,168.55**	**2,654.55**
Add: Transfer from retained earnings	500.38	514.00
Closing balance	**3,668.93**	**3,168.55**
Securities premium account	**1,754.81**	**1,754.81**
Capital reserve		
Opening Balance	**27.62**	**27.62**
Add: Transfer from share forfeiture account	0.02	-
Closing balance	**27.64**	**27.62**
Capital redemption reserve	**53.88**	**53.88**
Debenture redemption reserve		
Opening Balance	**374.62**	**216.59**
Add: Transfer from retained earnings	345.26	251.47
Less: Transfer to retained earnings on account of redemption	(109.47)	-
Less: Transfer to general reserve on account of redemption	-	(93.44)
Closing balance	**610.41**	**374.62**
General reserve		
Opening Balance	**2,164.35**	**1,813.91**
Add: Transfer from retained earnings	250.19	257.00
Add: Transfer from debenture redemption reserve	-	93.44
Closing balance	**2,414.54**	**2,164.35**
Other comprehensive income		
Opening balance	**(4.92)**	**(2.60)**
Add: Other comprehensive income / (loss) for the year (net of tax)	(4.74)	(2.32)
Closing balance	**(9.66)**	**(4.92)**
Retained earnings		
Opening balance	**8,070.47**	**6,829.82**
Add: Profit for the current year	2,501.84	2,563.99
Add / Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(500.38)	(514.00)
Transfer to general reserve	(250.19)	(257.00)
Transfer to/from debenture redemption reserve	(235.79)	(251.47)
Interim dividend	(113.44)	(113.44)
Tax on interim dividend	(23.32)	(23.32)
Final dividend	(158.82)	(136.13)
Tax on final dividend	(32.64)	(27.98)
Total appropriations	**(1,314.58)**	**(1,323.34)**
Retained earnings	**9,257.73**	**8,070.47**
Total	**17,778.28**	**15,609.38**

Nature and purpose of reserves

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Capital reserve: Capital reserve is the excess of net assets taken over cost of consideration paid during amalgamation.

Capital redemption reserve: The Company has recognised Capital redemption reserve on redemption of non-convertible redeemable preference shares from its retained earnings. The amount in Capital redemption reserve is equal to nominal amount of the non-convertible redeemable preference shares redeemed. The Company may issue fully paid up bonus shares to its members out of the capital redemption reserve.

Debenture redemption reserve:

(1) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture redemption reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date.

(2) As per the notification G.S.R. 574(E) dated August 16, 2019, the Ministry of Corporate Affairs has amended the Companies (Share Capital & Debentures) Rules, DRR need not be created for debentures issued by a Non-Banking Finance Company subsequent to the notification date. The Company has not created DRR on public issue of non-convertible debentures issued after the date of said notification.

(3) In respect of the debentures issued through public issue, the Company has created DRR of Rs. 345.26 crores (March 31, 2019: Rs. 251.47 crores). The Company subsequent to the year end has deposited a sum of Rs. 15.84 crores (March 31, 2019: Rs. 70.00 crores) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

(4) On redemption of the debentures for which the DRR is created, the amounts no longer necessary to be retained in this account need to be transferred to the Retained earnings.

General reserve: Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Statutory reserve: Every year the Company transfers a of sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

Shriram Transport Finance Company Limited

Notes forming part of the financial statements for the year ended March 31, 2020

Note 32: Interest income **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**			**Year ended March 31, 2019**		
	On financial assets measured at amortised cost	**On financial assets classified at fair value through profit or loss**	**Total**	**On financial assets measured at amortised cost**	**On financial assets classified at fair value through profit or loss**	**Total**
Interest on loans	15,690.72	-	**15,690.72**	14,945.10	-	**14,945.10**
Interest income from investments	214.53	1.00	**215.53**	182.27	0.98	**183.25**
Interest on deposits with banks						
- Margin money deposit	208.75	-	**208.75**	159.78	-	**159.78**
- Deposits with banks	66.95	-	**66.95**	4.08	-	**4.08**
Other interest income						
- delayed payments by customers	60.52	-	**60.52**	33.88	-	**33.88**
- unwinding of security deposit	3.05	-	**3.05**	0.46	-	**0.46**
- direct assignment	21.94	-	**21.94**	9.14	-	**9.14**
Total	**16,266.46**	**1.00**	**16,267.46**	**15,334.71**	**0.98**	**15,335.69**

Note 33: Fee and commission income

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Income from loan related services	73.53	55.30
Income from commission services- life insurance	20.39	23.67
Income from commission services- general insurance	63.58	40.80
Income from commission services- others	37.47	6.83
Total	**194.97**	**126.60**

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to statement of profit and loss

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Type of services or service		
Fee and commission income	194.97	126.60
Total revenue from contract with customers	**194.97**	**126.60**
Geographical markets		
India	194.97	126.60
Outside India	-	-
Total revenue from contract with customers	**194.97**	**126.60**
Timing of revenue recognition		
Services transferred at a point in time	194.97	126.60
Services transferred over time	-	-
Total revenue from contracts with customers	**194.97**	**126.60**

Contract balance

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Trade receivables	10.50	8.48
Contract assets	-	-

The Company does not have any contract assets or liability, hence disclosures related to it has not been presented.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 34: Net gain/ (loss) on fair value changes **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	-	-
- Derivatives	-	-
- Others	-	-
(ii) On financial instruments designated at fair value through profit or loss	-	-
(B) Others:		
- Investment in shares, venture capital fund and mutual funds	(0.87)	0.52
- Derivatives	(5.88)	(3.10)
Total Net gain/(loss) on fair value changes (C)	**(6.75)**	**(2.58)**
Fair value changes:		
- Realised	-	-
- Unrealised	(6.75)	(2.58)
Total Net gain/(loss) on fair value changes(D)	**(6.75)**	**(2.58)**

Note 35: Other operating income **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Bad debt recovery	80.73	24.17
Short term capital gain on sale of mutual funds and certificate of deposits	18.79	37.48
Total	**99.52**	**61.65**

Note 36: Other income **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Interest on income tax refund	5.80	6.66
Profit on sale of assets	1.17	-
Miscellaneous income	13.30	20.85
Total	**20.27**	**27.51**

Note 37: Finance costs (Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On Financial liabilities measured at amortised cost		
Interest on deposits	973.80	841.66
Interest on borrowings (other than debt securities)		
- Loans from banks	1,251.44	1,392.08
- Loans from institutions and others	217.98	298.06
- External commercial borrowings	461.83	151.45
- Interest paid on securitisation	1,743.54	1,320.14
Interest on debt securities		
- Debentures	1,950.39	2,257.32
- Senior secured notes	214.37	227.55
- External commercial bond	656.82	27.91
- Commercial paper	104.50	445.20
Interest on subordinated liabilities	661.86	549.89
Other interest expense		
- Interest on lease liability	33.73	-
Total	8,270.26	7,511.26

Note 38: Fee and commission expense (Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Brokerage	9.23	14.78
Professional charges-resource mobilisation	29.29	24.25
Processing charges on loans	1.89	2.20
Professional charges on securitisation	16.47	20.96
Total	**56.88**	**62.19**

Note 39: Impairment of financial instruments (Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial instruments measured at amortised cost		
Loans (refer note 62)	2,748.87	2,450.51
Investments	42.22	(0.06)
Others		
Undrawn commitments	4.39	6.71
Other assets	(0.60)	(74.90)
Total	**2,794.88**	**2,382.26**

Note 39: Impairment of financial instruments

The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit and loss based on evaluation stage:

Year ended March 31, 2020 **(Rs. in crores)**

Particulars	General approach			Simplified approach	Total
	Stage 1 collective	Stage 2 collective	Stage 3 collective		
Loans and advances to customers	1,088.82	(20.86)	1,680.91	-	**2,748.87**
Debt instruments measured at amortised cost	23.78	18.44	-	-	**42.22**
Undrawn commitments	4.39	-	-	-	**4.39**
Others	-	-	-	(0.60)	**(0.60)**
Total impairment loss	**1,116.99**	**(2.42)**	**1,680.91**	**(0.60)**	**2,794.88**

Year ended March 31, 2019 **(Rs. in crores)**

Particulars	General approach			Simplified approach	Total
	Stage 1 collective	Stage 2 collective	Stage 3 collective		
Loans and advances to customers	478.90	381.55	1,590.06	-	**2,450.51**
Debt instruments measured at amortised cost	-	-	-	(0.06)	**(0.06)**
Undrawn commitments	6.71	-	-	-	**6.71**
Others	-	-	-	(74.90)	**(74.90)**
Total impairment loss	**485.61**	**381.55**	**1,590.06**	**(74.96)**	**2,382.26**

Shriram Transport Finance Company Limited

Notes forming part of the financial statements for the year ended March 31, 2020

Note 40: Employee benefits expenses **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Salaries, other allowance and bonus	926.57	814.24
Contribution to provident and other funds	53.72	46.37
Staff welfare expenses	24.99	17.88
Gratuity expenses	5.54	4.57
Total	**1,010.82**	**883.06**

Note 41: Depreciation, amortisation and impairment **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Depreciation of tangible assets	48.62	41.94
Amortisation of intangible assets	1.26	1.03
Lease depreciation	91.17	-
Total	**141.05**	**42.97**

Note 42: Other expenses **(Rs. in crores)**

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Rent	9.88	105.50
Rates and taxes	2.56	11.55
Energy costs	21.08	18.29
Repairs and maintenance	56.76	45.79
Communication costs	49.17	49.05
Printing and stationery	19.33	13.62
Advertisement and publicity	14.27	15.70
Director’s fees, allowances, and expenses	0.66	0.65
Auditor fees and expenses		
As Auditor:		
- Audit fees	0.88	0.84
- Tax audit fees	0.09	0.09
- Out of pocket	0.04	0.06
In any other manner:		
- Certification	0.08	0.04
Legal and professional charges	58.18	45.82
Other expenditure:		
Travelling and conveyance	123.22	127.54
Business promotion	47.71	43.72
Outsourcing expenses	75.99	42.17
Royalty	180.75	169.45
Insurance	1.38	2.36
Bank charges	43.18	52.54
Loss on sale of investments	0.12	-
Loss on sale of fixed assets (net)	-	0.51
Service charges	45.67	43.49
CSR expenses [Refer note 60]	53.16	40.06
Miscellaneous expenses	59.16	65.23
Total	**863.32**	**894.07**

Note 43: Income Tax

The components of income tax expense for the year ended March 31, 2020 and March 31, 2019 and are:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Current tax	921.20	1,346.37
Adjustment in respect of current income tax of prior years	0.84	(109.82)
Deferred tax relating to origination and reversal of temporary differences	14.79	(22.27)
Total tax charge	**936.83**	**1,214.28**
Current tax	922.04	1,236.55
Deferred tax	14.79	(22.27)

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate. During the year, the Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section. Accordingly, total benefit derived by the Company on adoption of new tax rate is Rs. 357.44 crores in current tax and reversal of Rs. 21.18 crores in deferred tax asset for the year ended March 31, 2020.

A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019 is, as follows:

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Accounting profit before tax	3,438.67	3,778.27
At India's statutory income tax rate of 25.168% (2019: 34.944%)	865.44	1,320.28
Adjustment in respect of current income tax of prior years	0.84	(109.82)
Income subject to tax at special rate		
Long term capital gain on sale of property	(0.07)	-
Income not subject to tax		
Others	-	(11.51)
Non-deductible expenses		
Corporate social responsibility expenditure not allowable for tax purpose	13.38	0.55
Deduction under chapter VIA of the Income Tax Act, 1961 (section 80G)	-	6.37
Reversal of deferred tax no longer required	26.25	-
Reversal of deferred tax asset on account of adoption of new Income Tax rate	21.18	-
Others	9.81	8.41
Income tax expense reported in the statement of profit and loss	**936.83**	**1,214.28**

The effective income tax rate for March 31, 2020 is 27.24% (March 31, 2019: 32.14%).

Note 43: Income Tax

Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(Rs. in crores)

Particulars	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
	As at March 31, 2020	As at March 31, 2020	Year ended March 31, 2020	Year ended March 31, 2020
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	19.45	-	(2.65)	-
Provision for post retirement benefits	9.42	-	(0.56)	(1.59)
Expenses allowable for tax purposes when paid	25.45	-	-	-
Reversal of deferred tax no longer required	-	-	26.25	-
EIR impact on debt instrument in the nature of borrowings measured at amortised cost	-	14.21	(13.10)	-
Impairment allowance for undrawn commitments	10.05	-	(7.09)	-
Fair valuation of derivative financial instrument	-	1.48	-	-
Right-of-use assets	8.80	-	(4.78)	-
Reversal of deferred tax asset on account of adoption of new Income Tax rate	-	-	21.18	-
Other temporary differences	5.02	-	(4.45)	-
Total	**78.19**	**15.69**	**14.79**	**(1.59)**

(Rs. in crores)

Particulars	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
	As at March 31, 2019	As at March 31, 2019	Year ended March 31, 2019	Year ended March 31, 2019
Property, plant and equipment, intangible assets and investment property - carrying amount other than on account of fair valuation	23.52	-	(3.05)	-
Provision for post retirement benefits	10.05	-	(0.75)	(1.24)
Expenses allowable for tax purposes when paid	35.34	-	1.25	-
EIR impact on debt instrument in the nature of advances measured at amortised cost	36.44	-	24.68	-
EIR impact on debt instrument in the nature of borrowings measured at amortised cost	-	37.91	(37.49)	-
Impairment allowance for undrawn commitments	4.11	-	(2.35)	-
Fair valuation of derivative financial instrument	-	2.06	(1.08)	-
Other temporary differences	6.23	0.02	(3.48)	-
Total	**115.69**	**39.99**	**(22.27)**	**(1.24)**

Note 43: Income Tax

Amounts recognised in respect of current tax / deferred tax directly in equity:

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts recognised in respect of current tax / deferred tax directly in equity	-	-

Tax losses

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Unused tax losses for which no deferred tax asset has been recognised	-	-

Note 44: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Net Profit after tax as per Statement of Profit and Loss (Rs. in crores) **(A)**	2,501.84	2,563.99
Weighted average number of equity shares for calculating basic EPS (in crores) **(B)**	22.69	22.69
Weighted average number of equity shares for calculating diluted EPS (in crores) **(C)**	22.69	22.69
Basic earnings per equity share (in Rupees) (face value of Rs. 10/- per share) **(A) / (B)**	110.27	113.01
Diluted earnings per equity share (in Rupees) (face value of Rs. 10/- per share) **(A) / (C)**	110.27	113.01

Note 45: Investment in associates and structured entities

Associate of the Company is:

Name of the associate	Country of incorporation	Principal place of business	Principal activities	% equity interest March 31, 2020	% equity interest March 31, 2019
Shriram Automall India Limited (SAMIL)	India	New Delhi	Market leader in physical bidding for acquisition and disposal of pre-owned vehicles and equipment.	44.56%	44.56%

The Company has recognised its investment in associate under equity method and not adjusted to fair value at the end of each reporting period.

The Company's share in the associate is as follows:

(Rs. in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) share in profit or loss from continuing operations.	10.43	11.69
(b) share in post-tax profit or loss from discontinued operations.	-	-
(c) share in other comprehensive income.	0.25	(0.10)
(d) share in total comprehensive income.	10.68	11.59

Note 46: Retirement benefit plan

a) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of trustees.

The Company makes Provident fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 41.06 crores (March 31, 2019: Rs. 31.96 crores) for Provident fund contributions and Rs. 12.54 crores (March 31, 2019: Rs. 14.30 crores) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary. The fund is managed by third party fund managers.

Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides contribution to be made by the Company based on the results of this annual review. The trust is in process of investing entire funds in government securities through third party fund managers and as on March 31, 2020, 82 % funds are invested in government securities and balance 18% funds are invested in other equity and debt instruments. The Board of Trustees aim to keep annual contributions of the Company relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows :

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Amounts recognised in statement of profit and loss in respect of defined benefit plans are as follows :		
Current service cost	5.45	4.72
Interest expense	3.78	3.22
Interest Income	(3.68)	(3.37)
Past service cost	-	-
Components of defined benefit costs recognised in profit or loss (A)	**5.55**	**4.57**
Remeasurement of gains/(losses) in other comprehensive income :		
Return on plan assets (excluding amounts included in net interest expense)	(1.18)	0.74
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	4.80	0.56
Experience adjustments	2.71	2.26
Components of defined benefit costs recognised in other comprehensive income (B)	**6.33**	**3.56**
Total (A+B)	**11.88**	**8.13**

Movement in the present value of the defined benefit obligation are as follows :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Change in the obligation during the year ended		
Present value of defined obligation at the beginning of the year	49.43	41.30
Expenses recognised in statement of profit and loss :		
Current service cost	5.45	4.72
Interest expense/(income)	3.78	3.22
Recognised in other comprehensive income remeasurement gains/(losses)	7.51	2.83
Past service cost	-	-
Liability transferred in/acquisitions	-	0.09
Benefits paid from the fund	(2.92)	(2.73)
Present value of defined obligation at the end of the year	**63.25**	**49.43**

Change in the Fair value of plan assets :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Fair value of plan assets at the beginning of the year	48.15	43.23
Interest income	3.68	3.37
Contributions by the employer	9.79	5.02
Benefits paid from the fund	(2.92)	(2.73)
Return on plan assets excluding interest income	1.18	(0.74)
Fair value of plan assets at the end of the year	**59.88**	**48.15**

Calculation of benefit liability/(asset) :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Defined benefit obligation	63.25	49.43
Fair value of plan assets	59.88	48.15
Benefit liability	**3.37**	**1.28**

The principal assumptions used in determining gratuity obligations for the Company’s plans are shown below:

	As at March 31, 2020	**As at March 31, 2019**
Expected return on plan assets	6.56%	7.64%
Rate of discounting	6.56%	7.64%
Expected rate of salary increase	5.00%	5.00%
Rate of employee turnover	For service 4 years and below 20.00% p.a. and for service 5 years and above 7.50% p.a.	For service 4 years and below 20.00% p.a. and for service 5 years and above 7.50% p.a.
Mortality rate during employment	Indian Assured Lives mortality	Indian Assured Lives mortality
Mortality rate after employment	N.A.	N.A.

Investments quoted in active markets: **(Rs. in crores)**

Particulars	As at March 31, 2020	As at March 31, 2019
Investment funds	59.88	48.15
Total	**59.88**	**48.15**

(Rs. in crores)

Assumptions	Sensitivity level	Impact on defined benefit obligation March 31, 2020	Impact on defined benefit obligation March 31, 2019
Discount rate	1% increase	(4.47)	(3.32)
	1% decrease	5.14	3.81
Future salary increases	1% increase	5.10	3.81
	1% decrease	(4.51)	(3.37)
Attrition rate	1% increase	0.49	0.72
	1% decrease	(0.57)	(0.82)

(Rs. in crores)

Expected payment for future years	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	6.35	4.99
Between 2 and 5 years	21.74	18.42
Between 5 and 10 years	25.62	21.52
Beyond 10 years	64.26	56.02
Total expected payments	**117.97**	**100.95**

The Company expects to contribute Rs. 10.09 crores to the fund in the next financial year.
The weighted average duration of the defined benefit obligation as at March 31, 2020 is 9 years (March 31, 2019: 9 years)

Asset liability matching strategies

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

c) Compensated Absences

The principal assumptions used in determining obligations for the Company are shown below:

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Rate of discounting	6.56%	7.64%
Expected rate of salary increase	5.00%	5.00%
Rate of employee turnover		
Service 4 years and below	20.00%	20.00%
Service 5 years and above	7.50%	7.50%
Mortality	Indian Assured Lives mortality (2006-08)	Indian Assured Lives mortality (2006-08)

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Expenses recognised in statement of profit and loss	17.94	14.52

The Company has not funded its compensated absences liability and the same continues to remain as unfunded as at March 31, 2020.

The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 47: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in crores)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,088.99	-	**3,088.99**	1,029.14	-	**1,029.14**
Bank balance other than above	4,204.15	21.78	**4,225.93**	2,233.05	719.28	**2,952.33**
Derivative financial instruments	758.73	-	**758.73**	21.72	-	**21.72**
Receivables						
(I) Trade receivables	10.50	-	**10.50**	8.48	-	**8.48**
(II) Other receivables	5.64	-	**5.64**	19.94	-	**19.94**
Loans	28,287.31	73,944.32	**102,231.63**	36,655.28	60,096.21	**96,751.49**
Investments	361.47	2,437.01	**2,798.48**	2,011.10	1,987.97	**3,999.07**
Other financial assets	-	45.15	**45.15**	-	36.88	**36.88**
Non-financial Assets						
Current tax asset	-	249.10	**249.10**	-	106.58	**106.58**
Deferred tax assets (net)	-	62.50	**62.50**	-	75.70	**75.70**
Investment property	-	2.03	**2.03**	-	2.06	**2.06**
Property, plant and equipment	-	149.88	**149.88**	-	143.46	**143.46**
Right-of-use assets	-	327.84	**327.84**	-	-	**-**
Other intangible assets	-	2.67	**2.67**	-	1.97	**1.97**
Other non-financial assets	44.10	125.47	**169.57**	62.00	81.66	**143.66**
Total assets	**36,760.89**	**77,367.75**	**114,128.64**	**42,040.71**	**63,251.77**	**105,292.48**
Liabilities						
Financial Liabilities						
Derivative financial liabilities	-	-	**-**	83.42	-	**83.42**
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.40	-	**0.40**	-	-	**-**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	143.44	-	**143.44**	133.46	-	**133.46**
(II) Other payables			-			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	**-**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.13	-	**1.13**	2.72	-	**2.72**
Debt securities	6,484.83	27,782.13	**34,266.96**	13,044.83	21,136.93	**34,181.76**
Borrowings (other than debt securities)	16,550.38	25,924.22	**42,474.60**	17,820.26	19,369.04	**37,189.30**
Deposits	2,857.28	9,102.84	**11,960.12**	2,479.79	7,861.67	**10,341.46**
Subordinated liabilities	1,114.07	4,556.00	**5,670.07**	670.20	5,531.68	**6,201.88**
Other financial liabilities	787.82	124.50	**912.32**	1,001.43	15.05	**1,016.48**
Lease liabilities	80.97	281.84	**362.81**	-	-	**-**
Non-financial Liabilities						
Current tax liabilities (net)	102.02	-	**102.02**	102.97	-	**102.97**
Provisions	112.27	34.06	**146.33**	107.57	25.69	**133.26**
Other non-financial liabilities	83.28	-	**83.28**	-	69.49	**69.49**
Total Liabilities	**28,317.89**	**67,805.59**	**96,123.48**	**35,446.65**	**54,009.55**	**89,456.20**
Net	**8,443.00**	**9,562.16**	**18,005.16**	**6,594.06**	**9,242.22**	**15,836.28**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 48: Change in liabilities arising from financing activities

(Rs. in crores)

Particulars	As at March 31, 2019	Cash flows	Changes in fair value	Exchange difference	Other	As at March 31, 2020
Debt securities	34,181.76	(831.77)	-	-	916.97	34,266.96
Borrowings (other than debt securities)	37,189.30	5,139.66	-	-	145.64	42,474.60
Deposits	10,341.46	1,619.31	-	-	(0.65)	11,960.12
Subordinated liabilities	6,201.88	(573.50)	-	-	41.69	5,670.07
Lease liabilities	-	110.46	-	-	252.35	362.81
Total liabilities from financing activities	**87,914.40**	**5,464.16**	**-**	**-**	**1,356.00**	**94,734.56**

(Rs. in crores)

Particulars	As at March 31, 2018	Cash flows	Changes in fair value	Exchange difference	Other	As at March 31, 2019
Debt securities	32,432.62	1,984.43	-	-	(235.29)	34,181.76
Borrowings (other than debt securities)	36,108.54	402.56	-	-	678.20	37,189.30
Deposits	8,597.75	1,733.21	-	-	10.50	10,341.46
Subordinated liabilities	4,991.94	1,431.63	-	-	(221.69)	6,201.88
Total liabilities from financing activities	**82,130.85**	**5,551.83**	**-**	**-**	**231.72**	**87,914.40**

Note 49: Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

(Rs. in crores)

	Particulars	**As at March 31, 2020**	**As at March 31, 2019**
a.	In respect of Income tax demands where the Company has filed appeal before various authorities	133.64	78.70
b.	VAT demand where the Company has filed appeal before various appellates	117.21	124.30
c.	Service tax demands where the Company has filed appeal before various authorities	325.99	198.31
d.	Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	5.00	-
	Total	**581.84**	**401.31**

Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Disputed income tax demands are on account of royalty, disallowance of ESOP expenses, 14A, derivatives etc.

(B) Commitments not provided for

(Rs. in crores)

	Particulars	**As at March 31, 2020**	**As at March 31, 2019**
a.	Estimated amount of contracts remaining to be executed on capital account, net of advances	4.15	5.55
b.	Commitments related to loans sanctioned but undrawn	311.87	471.92

(C) Lease arrangements

As a lessee

Lease :

Future minimum lease payments under non-cancellable leases as at March 31, 2019 are as follows:

(Rs. in crores)

Particulars	**As at March 31, 2019**
Within one year	30.95
After one year but not more than five years	95.17
More than five years	29.99
Total	**156.11**

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach, recognising right-of-use assets and adjusted lease liability. As per Ind AS 116, lease commitments are recognised as lease liability and need not be disclosed under contingent liabilities and commitments.

Note 50: Related party disclosures

Relationship		Name of the party
I	Promoter	: Shriram Capital Limited
II	Promoter group	: Shriram Ownership Trust Shriram Financial Ventures (Chennai) Private Limited Shriram Value Services Limited Novac Technology Solutions (P) Limited Shriram Fortune Solutions Limited Shriram General Insurance Company Limited Shriram Insight Share Brokers Limited Shriram Life Insurance Company Limited Shriram Asset Management Company Limited Shriram Financial Products Solutions (Chennai) Private Limited Insight Commodities and Futures Private Limited Shriram Credit Company Limited Shriram Overseas Investments Private Limited Shriram Wealth Advisors Limited Bharath Investments Pte. Ltd., Singapore SGI Philippines General Insurance Co. Inc. Novac Digital Service Private Limited (from May 20, 2019)
III	Associates	Shriram Automall India Limited (SAMIL) Cartradeexchange Solutions Private Limited Adroit Inspection Service Private Limited Augeo Asset Management Private Limited (w.e.f. January 08, 2020)
IV	Key Management Personnel	: Mr. Umesh Revankar, Managing Director & CEO Mr. Amitabh Chaudhry (upto October 25, 2018) Mr. S. Lakshminarayanan Mrs. Kishori Udeshi Mr. S. Sridhar Mr. Sumatiprasad M Bafna (upto March 31, 2019) Mr. Pradeep Kumar Panja (from October 25, 2018) Mr. D. V. Ravi Mr. Puneet Bhatia Mr. Ignatius Michael Viljoen (from May 14, 2019) Mr. Gerrit Lodewyk Van Heerde (upto May 08, 2019)
V	Relatives of Key Management Personnel	: Mrs. Suchita U. Revankar (spouse of Managing Director & CEO) Mr. Shreyas U. Revankar (son of Managing Director & CEO) Mrs. Geeta G. Revankar (mother of Managing Director & CEO) Mr. Anil G. Revankar (brother of Managing Director & CEO) Mr. Shirish U. Revankar (son of Managing Director & CEO)
VI	Employees' benefit plan	Shriram Transport Finance Co. Ltd. Employees Group Gratuity Assurance Scheme

Summary of relatedparty transactions

(Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Payments/Expenses														
Payment to key management personnel	-	-	-	-	-	-	-	-	1.76	1.26	-	-	**1.76**	**1.26**
Royalty	-	-	169.69	155.46	-	-	-	-	-	-	-	-	**169.69**	**155.46**
Service charges	41.90	39.90	-	-	-	-	-	-	-	-	-	-	**41.90**	**39.90**
I.T & BPO charges	-	-	68.88	38.00	-	-	-	-	-	-	-	-	**68.88**	**38.00**
Rent	0.78	-	0.02	0.02	7.04	4.44	-	-	-	-	-	-	**7.84**	**4.46**
Business mobilisation expenses	-	-	-	-	0.04	1.47	-	-	-	-	-	-	**0.04**	**1.47**
Other administrative expenses	0.04	-	-	-	11.11	0.82	-	-	-	-	-	-	**11.15**	**0.82**
Insurance premium	-	-	8.91	7.60	-	-	-	-	-	-	-	-	**8.91**	**7.60**
Commission	-	-	34.97	41.74	-	-	-	-	-	-	-	-	**34.97**	**41.74**
Sales promotion	-	-	1.92	1.61	-	-	-	-	-	-	-	-	**1.92**	**1.61**
Valuation charges	-	-	-	-	0.09	-	-	-	-	-	-	-	**0.09**	**-**
Interest	0.26	0.38	53.74	52.66	2.97	2.36	-	-	0.33	0.17	0.01	0.01	**57.32**	**55.59**
Equity dividend	71.17	65.09	-	-	-	-	-	-	-	-	0.00	0.00	**71.17**	**65.09**
Non-convertible debenture matured	-	-	80.11	1.60	-	-	-	-	-	-	-	0.01	**80.11**	**1.61**
Fixed deposit matured	-	-	14.00	-	-	-	-	-	-	-	0.01	0.03	**14.01**	**0.03**
Subordinated debt matured	1.72	0.54	45.00	7.07	1.39	1.15	-	-	-	-	-	0.01	**48.11**	**8.77**
Unsecured loan and advances	-	-	-	-	-	7.86	-	-	-	-	-	-	**-**	**7.86**
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	9.79	5.01	-	-	-	-	**9.79**	**5.01**
Inter corporate deposit repaid	74.00	-	-	-	51.50	28.35	-	-	-	-	-	-	**125.50**	**28.35**
Receipts/Income														
Common sharing expenses	0.01	0.01	1.17	1.16	0.65	0.52	-	-	-	-	-	-	**1.83**	**1.70**
Rent & electricity	0.15	0.18	-	-	4.64	4.14	-	-	-	-	-	-	**4.79**	**4.32**
Other administrative expenses	-	-	-	-	0.14	2.55	-	-	-	-	-	-	**0.14**	**2.55**
Commission	-	-	79.11	61.08	-	-	-	-	-	-	-	-	**79.11**	**61.08**
Sale of Trade mark - Shriram Automall India Limited	-	-	-	-	-	0.06	-	-	-	-	-	-	**-**	**0.06**
Subordinated debt	-	-	-	25.00	-	-	-	-	-	-	-	-	**-**	**25.00**
Non-convertible debenture	-	-	2.86	11.74	-	-	-	-	0.10	2.00	-	-	**2.96**	**13.74**
Fixed deposit	-	-	1.50	14.00	-	-	-	-	-	0.50	0.05	0.03	**1.55**	**14.53**
Unsecured loan and advances repaid	-	-	-	-	14.44	7.41	-	-	-	-	-	-	**14.44**	**7.41**
Inter corporate deposit received	74.00	-	-	-	63.40	25.95	-	-	-	-	-	-	**137.40**	**25.95**

Summary of relatedparty transactions

(Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Balance outstanding at the year end														
Share capital	59.55	59.17	-	-	-	-	-	-	-	-	0.00	0.00	**59.56**	**59.17**
Investment in equity shares	-	-	-	-	13.37	13.37	-	-	-	-	-	-	**13.37**	**13.37**
Unsecured loan and advances receivable	-	-	-	-	-	0.58	-	-	-	-	-	-	**-**	**0.58**
Unsecured loan and advances payable	-	-	-	-	0.41	-	-	-	-	-	-	-	**0.41**	**-**
Rent receivable	-	0.01	-	0.02	-	-	-	-	-	-	-	-	**-**	**0.03**
Commission receivable	-	-	9.56	7.65	-	-	-	-	-	-	-	-	**9.56**	**7.65**
Commission payable	-	-	-	2.62	-	-	-	-	-	-	-	-	**-**	**2.62**
Prepaid for insurance premium	-	-	2.84	2.15	-	-	-	-	-	-	-	-	**2.84**	**2.15**
Outstanding expenses	10.43	10.78	44.13	43.01	-	-	-	-	-	-	-	-	**54.55**	**53.78**
Fixed deposit	-	-	1.55	14.99	-	-	-	-	1.45	1.34	0.13	0.08	**3.13**	**16.41**
Subordinated debt	0.41	3.14	422.19	470.39	2.76	2.79	-	-	-	-	-	-	**425.37**	**476.32**
Non-convertible debenture	-	-	15.12	95.01	22.77	-	-	-	2.61	2.30	-	-	**40.50**	**97.30**
Expenses recoverable	-	0.00	-	0.21	-	-	-	-	-	-	-	-	**-**	**0.21**
Inter corporate deposit	-	-	-	-	39.42	26.38	-	-	-	-	-	-	**39.42**	**26.38**

Income /expenses are presented excluding GST
Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Breakup of related party transactions (Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Payments/Expenses														
Employee benefits for key management personnel														
- Short term benefits	-	-	-	-	-	-	-	-	0.97	0.53	-	-	**0.97**	**0.53**
- Post employment benefits	-	-	-	-	-	-	-	-	0.19	0.14	-	-	**0.19**	**0.14**
Commission & sitting fee paid to directors														
- Mr. Amitabh Chaudhry	-	-	-	-	-	-	-	-	0.04	0.10	-	-	**0.04**	**0.10**
- Mr. S. Lakshminarayanan	-	-	-	-	-	-	-	-	0.12	0.12	-	-	**0.12**	**0.12**
- Mrs. Kishori Udeshi	-	-	-	-	-	-	-	-	0.14	0.12	-	-	**0.14**	**0.12**
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	0.10	0.12	-	-	**0.10**	**0.12**
- Mr. Sumatiprasad M. Bafna	-	-	-	-	-	-	-	-	0.09	0.11	-	-	**0.09**	**0.11**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.11	0.02	-	-	**0.11**	**0.02**
License Fees														
- Shriram Ownership Trust	-	-	82.81	155.46	-	-	-	-	-	-	-	-	**82.81**	**155.46**
- Shriram Value Services Limited	-	-	86.87	-	-	-	-	-	-	-	-	-	**86.87**	**-**
Service charges to Shriram Capital Limited	41.90	39.90	-	-	-	-	-	-	-	-	-	-	**41.90**	**39.90**
Voice Call services														
- Shriram Value Services Limited	-	-	21.26	38.00	-	-	-	-	-	-	-	-	**21.26**	**38.00**
- Novac Technology Solutions (P) Ltd.	-	-	7.43	-	-	-	-	-	-	-	-	-	**7.43**	**-**
I.T & BPO charges to Novac Technology Solutions (P) Ltd.	-	-	40.18	-	-	-	-	-	-	-	-	-	**40.18**	**-**
Rent														
- Shriram Automall India Limited	-	-	-	-	7.04	4.44	-	-	-	-	-	-	**7.04**	**4.44**
- Shriram Capital Limited	0.78	-	-	-	-	-	-	-	-	-	-	-	**0.78**	**-**
- Shriram Asset Management Company Limited	-	-	0.02	0.02	-	-	-	-	-	-	-	-	**0.02**	**0.02**
Business mobilisation expenses - Shriram Automall India Limited	-	-	-	-	0.04	1.47	-	-	-	-	-	-	**0.04**	**1.47**
Other administrative expenses														
- Shriram Capital Limited	0.04	-	-	-	-	-	-	-	-	-	-	-	**0.04**	**-**
- Shriram Automall India Limited	-	-	-	-	11.11	0.82	-	-	-	-	-	-	**11.11**	**0.82**
Insurance premium														
- Shriram Life Insurance Company Limited	-	-	5.63	5.30	-	-	-	-	-	-	-	-	**5.63**	**5.30**
- Shriram General Insurance Company Limited	-	-	3.28	2.30	-	-	-	-	-	-	-	-	**3.28**	**2.30**
Commission														
- Shriram Fortune Solutions Limited	-	-	26.03	33.92	-	-	-	-	-	-	-	-	**26.03**	**33.92**
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	3.31	2.29	-	-	-	-	-	-	-	-	**3.31**	**2.29**
- Shriram Insight Share Brokers Limited	-	-	5.63	5.53	-	-	-	-	-	-	-	-	**5.63**	**5.53**
Sales promotion														
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	0.75	0.45	-	-	-	-	-	-	-	-	**0.75**	**0.45**
- Shriram Insight Share Brokers Limited	-	-	1.17	1.16	-	-	-	-	-	-	-	-	**1.17**	**1.16**
Interest on Inter corporate Deposit														
- Shriram Automall India Limited	-	-	-	-	2.34	1.99	-	-	-	-	-	-	**2.34**	**1.99**
- Shriram Capital Limited	0.17	-	-	-	-	-	-	-	-	-	-	-	**0.17**	**-**

Breakup of related party transactions **(Rs. in Crores)**

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Valuation charges paid to - Adroit Inspection Service Private Limited	-	-	-	-	0.09	-	-	-	-	-	-	-	**0.09**	**-**
Interest on fixed deposit														
- Key management personnel	-	-	-	-	-	-	-	-	0.11	0.09	-	-	**0.11**	**0.09**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.01	0.01	**0.01**	**0.01**
- Shriram Fortune Solutions Limited	-	-	0.38	0.99	-	-	-	-	-	-	-	-	**0.38**	**0.99**
- Shriram Asset management Company Limited	-	-	0.05	-	-	-	-	-	-	-	-	-	**0.05**	**-**
Interest on subordinated debt														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.00	**-**	**0.00**
- Shriram Automall India Limited	-	-	-	-	0.44	0.37	-	-	-	-	-	-	**0.44**	**0.37**
- Shriram Capital Limited	0.09	0.38	-	-	-	-	-	-	-	-	-	-	**0.09**	**0.38**
- Shriram Asset Management Company Limited	-	-	-	0.70	-	-	-	-	-	-	-	-	**-**	**0.70**
- Shriram Life Insurance Company Limited	-	-	9.53	7.69	-	-	-	-	-	-	-	-	**9.53**	**7.69**
- Shriram General Insurance Company Limited	-	-	37.17	34.76	-	-	-	-	-	-	-	-	**37.17**	**34.76**
Interest on non-convertible debenture														
- Key management personnel														
- Mr.Umesh Revankar	-	-	-	-	-	-	-	-	0.20	0.08	-	-	**0.20**	**0.08**
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	0.01	0.00	-	-	**0.01**	**0.00**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.02	0.00	-	-	**0.02**	**0.00**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.00	**-**	**0.00**
- Shriram Life Insurance Company Limited	-	-	4.18	5.85	-	-	-	-	-	-	-	-	**4.18**	**5.85**
- Shriram General Insurance Company Limited	-	-	1.32	2.21	-	-	-	-	-	-	-	-	**1.32**	**2.21**
- Shriram Asset Management Company Limited	-	-	1.10	0.46	-	-	-	-	-	-	-	-	**1.10**	**0.46**
- Shriram Insight Share Brokers Limited	-	-	0.00	0.00	-	-	-	-	-	-	-	-	**0.00**	**0.00**
- Shriram Automall India Limited	-	-	-	-	0.19	-	-	-	-	-	-	-	**0.19**	**-**
Equity dividend														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.00	0.00	**0.00**	**0.00**
- Shriram Capital Limited	71.17	65.09	-	-	-	-	-	-	-	-	-	-	**71.17**	**65.09**
Non-convertible debenture matured														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.01	**-**	**0.01**
- Shriram Life Insurance Company Limited	-	-	58.90	1.60	-	-	-	-	-	-	-	-	**58.90**	**1.60**
- Shriram General Insurance Company Limited	-	-	21.10	-	-	-	-	-	-	-	-	-	**21.10**	**-**
- Shriram Insight Share Brokers Limited	-	-	0.11	-	-	-	-	-	-	-	-	-	**0.11**	**-**
Fixed deposit matured														
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.01	0.03	**0.01**	**0.03**
- Shriram Fortune Solutions Limited	-	-	14.00	-	-	-	-	-	-	-	-	-	**14.00**	**-**
Subordinated debt matured														
-Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	-	0.01	**-**	**0.01**
- Shriram Capital Limited	1.72	0.54	-	-	-	-	-	-	-	-	-	-	**1.72**	**0.54**
- Shriram Automall India Limited	-	-	-	-	1.39	1.15	-	-	-	-	-	-	**1.39**	**1.15**
- Shriram Asset Management Company Limited	-	-	-	7.07	-	-	-	-	-	-	-	-	**-**	**7.07**
- Shriram General Insurance Company Limited	-	-	45.00	-	-	-	-	-	-	-	-	-	**45.00**	**-**

Breakup of related party transactions **(Rs. in Crores)**

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unsecured loan and advances received - Shriram Automall India Limited	-	-	-	-	-	7.86	-	-	-	-	-	-	**-**	**7.86**
Employer contribution to employees group gratuity assurance scheme	-	-	-	-	-	-	9.79	5.01	-	-	-	-	**9.79**	**5.01**
Inter corporate deposit repaid														
- Shriram Automall India Limited	-	-	-	-	51.50	28.35	-	-	-	-	-	-	**51.50**	**28.35**
- Shriram Capital Limited	74.00	-	-	-	-	-	-	-	-	-	-	-	**74.00**	**-**
TOTAL	**189.87**	**105.91**	**477.24**	**305.76**	**74.15**	**46.46**	**9.79**	**5.01**	**2.10**	**1.43**	**0.02**	**0.06**	**753.17**	**464.63**
Receipts/Income														
Recovery of common sharing expenses														
- Shriram Automall India Limited	-	-	-	-	0.58	0.52	-	-	-	-	-	-	**0.58**	**0.52**
- Shriram Capital Limited	0.01	0.01	-	-	-	-	-	-	-	-	-	-	**0.01**	**0.01**
- Shriram Asset Management Company Limited	-	-	0.06	0.06	-	-	-	-	-	-	-	-	**0.06**	**0.06**
- Shriram Insight Share Brokers Limited	-	-	0.03	0.03	-	-	-	-	-	-	-	-	**0.03**	**0.03**
- Shriram Fortune Solutions Limited	-	-	1.08	1.07	-	-	-	-	-	-	-	-	**1.08**	**1.07**
- Adroit Inspection Service Private Limited	-	-	-	-	0.07	0.00	-	-	-	-	-	-	**0.07**	**0.00**
Rent & electricity														
- Shriram Capital Limited	0.15	0.18	-	-	-	-	-	-	-	-	-	-	**0.15**	**0.18**
- Shriram Automall India Limited	-	-	-	-	4.64	4.14	-	-	-	-	-	-	**4.64**	**4.14**
Other administrative expenses														
- Shriram Automall India Limited	-	-	-	-	0.14	2.55	-	-	-	-	-	-	**0.14**	**2.55**
Commission														
- Shriram General Insurance Company Limited	-	-	58.71	37.41	-	-	-	-	-	-	-	-	**58.71**	**37.41**
- Shriram Life Insurance Company Limited	-	-	20.39	23.68	-	-	-	-	-	-	-	-	**20.39**	**23.68**
Sale of Trade mark - Shriram Automall India Limited	-	-	-	-	-	0.06	-	-	-	-	-	-	**-**	**0.06**
Subordinated debt														
- Shriram Life Insurance Company Limited	-	-	-	25.00	-	-	-	-	-	-	-	-	**-**	**25.00**
Non-convertible debenture														
- Key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
- Mr. Umesh Revankar	-	-	-	-	-	-	-	-	-	2.00	-	-	**-**	**2.00**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.10	-	-	-	**0.10**	**-**
- Shriram Asset Management Company Limited	-	-	2.16	11.73	-	-	-	-	-	-	-	-	**2.16**	**11.73**
- Shriram Insight Share Brokers Limited	-	-	0.70	0.00	-	-	-	-	-	-	-	-	**0.70**	**0.00**
Fixed deposit														
- Key management personnel	-	-	-	-	-	-	-	-	-	0.50	-	-	**-**	**0.50**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.05	0.03	**0.05**	**0.03**
- Shriram Fortune Solutions Limited	-	-	-	14.00	-	-	-	-	-	-	-	-	**-**	**14.00**
- Shriram Asset Management Company Limited	-	-	1.50	-	-	-	-	-	-	-	-	-	**1.50**	**-**
Unsecured loan and advances repaid by														
- Shriram Automall India Limited	-	-	-	-	14.44	7.41	-	-	-	-	-	-	**14.44**	**7.41**
Inter corporate deposit														
- Shriram Automall India Limited	-	-	-	-	63.40	25.95	-	-	-	-	-	-	**63.40**	**25.95**
- Shriram Capital Limited	74.00	-	-	-	-	-	-	-	-	-	-	-	**74.00**	**-**
TOTAL	**74.16**	**0.19**	**84.63**	**112.98**	**83.28**	**40.63**	**-**	**-**	**0.10**	**2.50**	**0.05**	**0.03**	**242.22**	**156.34**

Income /expenses are presented excluding GST

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Breakup of related party transactions (Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Balance outstanding at the year end														
Share capital														
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.00	0.00	**0.00**	**0.00**
- Shriram Capital Limited	59.50	59.17	-	-	-	-	-	-	-	-	-	-	**59.50**	**59.17**
- Shriram Financial Ventures (Chennai) Private Limited	-	-	0.05	-	-	-	-	-	-	-	-	-	**0.05**	**-**
Investment in equity shares														
- Shriram Automall India Limited	-	-	-	-	13.37	13.37	-	-	-	-	-	-	**13.37**	**13.37**
Unsecured loan and advances receivable														
- Shriram Automall India Limited	-	-	-	-	-	0.58	-	-	-	-	-	-	**-**	**0.58**
Unsecured loan and advances payable														
- Shriram Automall India Limited	-	-	-	-	0.41	-	-	-	-	-	-	-	**0.41**	**-**
Rent receivable														
- Shriram Capital Limited	-	0.01	-	-	-	-	-	-	-	-	-	-	**-**	**0.01**
- Shriram Asset Management Company Limited	-	-	-	0.02	-	-	-	-	-	-	-	-	**-**	**0.02**
Commission receivable														
- Shriram General Insurance Company Limited	-	-	7.65	5.26	-	-	-	-	-	-	-	-	**7.65**	**5.26**
- Shriram Life Insurance Company Limited	-	-	1.91	2.40	-	-	-	-	-	-	-	-	**1.91**	**2.40**
Commission payable														
- Shriram Fortune Solutions Limited	-	-	-	2.42	-	-	-	-	-	-	-	-	**-**	**2.42**
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
- Shriram Insight Share Brokers Limited	-	-	-	0.16	-	-	-	-	-	-	-	-	**-**	**0.16**
Prepaid for insurance premium														
- Shriram General Insurance Company Limited	-	-	1.78	1.13	-	-	-	-	-	-	-	-	**1.78**	**1.13**
- Shriram Life Insurance Company Limited	-	-	1.06	1.01	-	-	-	-	-	-	-	-	**1.06**	**1.01**
Outstanding expenses														
- Shriram Capital Limited	10.43	10.78	-	-	-	-	-	-	-	-	-	-	**10.43**	**10.78**
- Shriram Ownership Trust	-	-	-	41.83	-	-	-	-	-	-	-	-	**-**	**41.83**
- Shriram Value Services Limited	-	-	40.07	1.18	-	-	-	-	-	-	-	-	**40.07**	**1.18**
- Novac Technology Solutions (P) Limited	-	-	1.80	-	-	-	-	-	-	-	-	-	**1.80**	**-**
- Shriram Fortune Solutions Limited	-	-	1.27	-	-	-	-	-	-	-	-	-	**1.27**	**-**
- Shriram Financial Products Solutions (Chennai) Private Limited	-	-	0.31	-	-	-	-	-	-	-	-	-	**0.31**	**-**
- Shriram Insight Share Brokers Limited	-	-	0.65	-	-	-	-	-	-	-	-	-	**0.65**	**-**
- Shriram Asset Management Company Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	**0.02**	**-**

Breakup of related party transactions (Rs. in Crores)

Particulars	Promoter		Promoter group		Associates		Employees' benefit plan		Key management personnel		Relative of key management personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Fixed deposit														
- Key management personnel	-	-	-	-	-	-	-	-	1.45	1.34	-	-	**1.45**	**1.34**
- Relative of key management personnel	-	-	-	-	-	-	-	-	-	-	0.13	0.08	**0.13**	**0.08**
- Shriram Fortune Solutions Limited	-	-	-	14.99	-	-	-	-	-	-	-	-	**-**	**14.99**
- Shriram Asset Management Company Limited	-	-	1.55	-	-	-	-	-	-	-	-	-	**1.55**	**-**
Non-convertible debenture														
- Key management personnel														
- Mr.Umesh Revankar	-	-	-	-	-	-	-	-	2.27	2.08	-	-	**2.27**	**2.08**
- Mr. S. Sridhar	-	-	-	-	-	-	-	-	0.12	0.11	-	-	**0.12**	**0.11**
- Mr. Pradeep Kumar Panja	-	-	-	-	-	-	-	-	0.22	0.10	-	-	**0.22**	**0.10**
- Shriram Life Insurance Company Limited	-	-	-	61.14	-	-	-	-	-	-	-	-	**-**	**61.14**
- Shriram General Insurance Company Limited	-	-	-	21.67	-	-	-	-	-	-	-	-	**-**	**21.67**
- Shriram Asset Management Company Limited	-	-	14.49	12.19	-	-	-	-	-	-	-	-	**14.49**	**12.19**
- Shriram Insight Share Brokers Limited	-	-	0.63	0.00	-	-	-	-	-	-	-	-	**0.63**	**0.00**
- Shriram Automall India Limited	-	-	-	-	22.77	-	-	-	-	-	-	-	**22.77**	**-**
Subordinated debt														
- Shriram Automall India Limited	-	-	-	-	2.76	2.79	-	-	-	-	-	-	**2.76**	**2.79**
- Shriram Capital Limited	0.41	3.14	-	-	-	-	-	-	-	-	-	-	**0.41**	**3.14**
- Shriram Life Insurance Company Limited	-	-	103.15	103.14	-	-	-	-	-	-	-	-	**103.15**	**103.14**
- Shriram General Insurance Company Limited	-	-	319.04	367.25	-	-	-	-	-	-	-	-	**319.04**	**367.25**
Expenses recoverable														
- Shriram Capital Limited	-	0.00	-	-	-	-	-	-	-	-	-	-	**-**	**0.00**
- Shriram Insight Share Brokers Limited	-	-	-	0.00	-	-	-	-	-	-	-	-	**-**	**0.00**
- Shriram Fortune Solutions Limited	-	-	-	0.20	-	-	-	-	-	-	-	-	**-**	**0.20**
Inter corporate deposit received from Shriram Automall India Limited	-	-	-	-	39.42	26.38	-	-	-	-	-	-	**39.42**	**26.38**

Income /expenses are presented excluding GST
Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Note 51: Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times. Refer note 69 for the Company's Capital ratios.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board. The Company has complied with the notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards"

Note 52: Fair value measurement

52.01 : Valuation principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 6.1 (xiii).

52.02 : Fair value hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2020

(Rs. in crores)

Assets measured at fair value on a recurring basis	**Level-1**	**Level-2**	**Level-3**	**Total**
Derivative financial instruments				
Forward contracts	-	378.05	-	**378.05**
Currency swaps	-	11.50	-	**11.50**
Interest rate swaps	-	45.77	-	**45.77**
Cross currency interest rate swaps	-	319.50	-	**319.50**
Interest rate caps	-	3.91	-	**3.91**
Total derivative financial instruments	**-**	**758.73**	**-**	**758.73**
Financial assets held for trading				
Mutual funds	-	3.02	-	**3.02**
Equity instruments	-	-	3.36	**3.36**
Venture capital fund	-	1.04	-	**1.04**
Total financial assets held for trading	**-**	**4.06**	**3.36**	**7.42**
Total assets measured at fair value on a recurring basis	**-**	**762.79**	**3.36**	**766.15**
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	**-**	**-**	**-**	**-**
Total assets measured at fair value	**-**	**762.79**	**3.36**	**766.15**

(Rs. in crores)

Liabilities measured at fair value on a recurring basis				
Total financial liabilities measured at fair value on a recurring basis	**-**	**-**	**-**	**-**
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	**-**	**-**	**-**	**-**

As at March 31, 2019

(Rs. in crores)

Assets measured at fair value on a recurring basis	**Level-1**	**Level-2**	**Level-3**	**Total**
Derivative financial instruments				
Forward contracts	-	1.22	-	**1.22**
Currency swaps	-	18.67	-	**18.67**
Interest rate swaps	-	1.83	-	**1.83**
Total derivative financial instruments	**-**	**21.72**	**-**	**21.72**
Financial assets held for trading				
Mutual funds	-	323.82	-	**323.82**
Equity instruments	-	-	3.58	**3.58**
Certificate of deposits	-	1,231.71	-	**1,231.71**
Venture capital fund	-	0.97	-	**0.97**
Total financial assets held for trading	**-**	**1,556.50**	**3.58**	**1,560.08**
Total assets measured at fair value on a recurring basis	**-**	**1,578.22**	**3.58**	**1,581.80**
Assets measured at fair value on a non-recurring basis				
Non-current assets and disposals held for sale	-	-	-	**-**
Total assets measured at fair value on a non-recurring basis	**-**	**-**	**-**	**-**
Total assets measured at fair value	**-**	**1,578.22**	**3.58**	**1,581.80**

(Rs. in crores)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency swaps	-	83.05	-	**83.05**
Interest rate swaps	-	0.37	-	**0.37**
Total derivative financial instruments	**-**	**83.42**	**-**	**83.42**
Total financial liabilities measured at fair value on a recurring basis	**-**	**83.42**	**-**	**83.42**
Liabilities measured at fair value on a non-recurring basis				
Non-current liabilities and disposals held for sale	-	-	-	-
Total financial liabilities measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value	**-**	**83.42**	**-**	**83.42**

52.03 : Valuation techniques

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

Equity instruments
Investment in units of mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3.

Derivative Financial Instruments
Foreign exchange contracts include foreign exchange forward and swap contracts, interest rate swaps and over- the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies derivative financial instruments as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Certificate of deposits (CDs)
Certificate of Deposits are short-term financial instruments issued by Banks. Financial Benchmark India Private Ltd (FBIL) has developed the FBIL- CD, a new benchmark for the money market based on traded CDs reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform of The Clearing Corporation of India Ltd (CCIL). FBIL-CD is announced for seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months. For valuation, The Company uses FBIL-CD benchmark and based on that benchmark the Company interpolates and calculates CD prices corresponding to their residual maturities and such instruments are classified as Level 2.

52.05 : Transfer between fair value hierarchy levels
During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

52.06 : Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value.

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(Rs. in crores)

Particulars	**Equity instruments**	
	As at March 31, 2020	**As at March 31, 2019**
Opening balance	**3.58**	**0.86**
Purchase	-	-
Sales	-	-
Issuances	-	-
Settlements	-	-
Transfers into level 3	-	-
Transfers from level 3	-	-
Net interest income, net trading income and other income	-	-
Other comprehensive income	-	-
Unrealised gains and losses related to balances held at the end of the year	**(0.22)**	**2.72**
Closing balance	**3.36**	**3.58**

52.07 : Impact of changes to key assumptions on fair value of level 3 financial instruments measured at fair value

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's level 3 assets and liabilities. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

(Rs. in crores)

Particulars	**Fair value**		**Valuation technique**	**Significant unobservable inputs**
	Level 3 assets	**Level 3 assets**		
	As at March 31, 2020	**As at March 31, 2019**		
Equity instruments	3.36	3.58	Based on the discounted cashflow	Based on the discounted cashflow

52.08 : Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of changing the significant unobservable inputs to reasonable possible alternatives. All changes would be reflected in the Statement of profit and loss. Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.
The ranges are not comparable or symmetrical as the model inputs are usually not in the middle of the favourable/unfavourable range.

The table below shows data in relation to level 3 inputs that are already aggregated on the underlying product levels without assuming any potential diversification effect, but including potential off-sets from economic or accounting hedge relationships in place. The Company is of the opinion that, whilst there may be some diversification benefits, incorporating these would not be significant to the analysis.

(Rs. in crores)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Favourable changes 5% increase	Unfavourable changes 5% decrease	Favourable changes 5% increase	Unfavourable changes 5% decrease
Equity instruments based on the discounted cashflow	3.51	3.18	3.74	3.38

52.09 : Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non-financial liabilities.

(Rs. in crores)

As at March 31, 2020		Fair value			
	Carrying amount	Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	1,864.78	1,864.78	-	-	**1,864.78**
Bank balance other than cash and cash equivalents	5,450.14	-	5,395.64	-	**5,395.64**
Trade receivables	10.50	-	-	10.50	**10.50**
Other receivables	5.64	-	-	5.64	**5.64**
Loans	108,501.71	-	-	103,070.32	**103,070.32**
Investments at amortised cost	2,819.92	1,912.92	-	979.04	**2,891.96**
Other investments	13.37	-	-	13.37	**13.37**
Other financial assets	45.15	-	-	40.20	**40.20**
Total financial assets	**118,711.21**	**3,777.70**	**5,395.64**	**104,119.07**	**113,292.41**
Financial liabilities:					
Trade payables	143.84	-	-	143.84	**143.84**
Other payables	1.13	-	-	1.13	**1.13**
Debt securities	34,266.96	-	36,510.59	-	**36,510.59**
Borrowings (other than debt securities)	42,474.60	-	42,704.86	-	**42,704.86**
Deposits	11,960.12	-	-	12,161.38	**12,161.38**
Subordinated liabilities	5,670.07	-	5,367.03	722.40	**6,089.44**
Other financial liabilities	912.32	-	-	912.32	**912.32**
Lease liabilities	362.81	-	-	362.81	**362.81**
Total financial liabilities	**95,791.85**	**-**	**84,582.49**	**14,303.88**	**98,886.37**
Off balance sheet items					
Other commitments	311.87	-	-	311.87	**311.87**
Total off-balance sheet items	**311.87**	**-**	**-**	**311.87**	**311.87**

(Rs. in crores)

As at March 31, 2019		Fair value			
	Carrying amount	Level-1	Level-2	Level-3	Total
Financial assets:					
Cash and cash equivalents	914.01	914.01	-	-	**914.01**
Bank balance other than cash and cash equivalents	3,067.46	-	2,949.28	-	**2,949.28**
Trade receivables	8.48	-	-	8.48	**8.48**
Other receivables	19.94	-	-	19.94	**19.94**
Loans	102,307.49	-	-	101,248.55	**101,248.55**
Investments at amortised cost	2,425.63	1,539.86	-	867.35	**2,407.21**
Other investments	13.37	-	-	13.37	**13.37**
Other financial assets	36.88	-	-	32.06	**32.06**
Total financial assets	**108,793.26**	**2,453.87**	**2,949.28**	**102,189.75**	**107,592.90**
Financial liabilities:					
Trade payables	133.46	-	-	133.46	**133.46**
Other payables	2.72	-	-	2.72	**2.72**
Debt securities	34,181.76	-	29,030.64	-	**29,030.64**
Borrowings (other than debt securities)	37,189.30	-	33,526.51	-	**33,526.51**
Deposits	10,341.46	-	-	9,968.68	**9,968.68**
Subordinated liabilities	6,201.88	-	5,492.76	1,249.58	**6,742.34**
Other financial liabilities	1,016.48	-	-	1,016.48	**1,016.48**
Total financial liabilities	**89,067.06**	**-**	**68,049.91**	**12,370.92**	**80,420.83**
Off balance sheet items					
Other commitments	471.92	-	-	471.92	**471.92**
Total off-balance sheet items	**471.92**	**-**	**-**	**471.92**	**471.92**

Note:

The management assessed that cash and cash equivalents, trade receivables, trade payables, other receivables, other payables, bank overdrafts and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

52.10: Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual yields..

Pass through certificates

These instruments include asset backed securities. The market for these securities is not active. Therefore, the Company uses a variety of valuation techniques to measure their fair values. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Instruments with no comparable instruments or valuation inputs are classified as Level 3.

Investment in associate at cost

Investment in associate: As per Ind AS 28 Interest in associate are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. Loan and other similar arrangements with subsidiaries which are probable to be settled for a fixed number of equity share of the borrower for a fixed price are classified as equity investment. The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

Investment in government securities at amortised cost

The fair values financial assets held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt and borrowings

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk. The Company estimates and builds its own credit spread from market-observable data such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debt of itself.

Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

Note 53: Risk management

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

53.01 : Introduction and risk profile

53.01.01 : Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Chief Risk officer is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Risk owners within each department will report to the Risk Committee.

The Risk owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's policy is that risk management processes throughout the Company are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to Risk Management Committee.

53.01.02 : Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies associated with foreign currency transactions.

53.01.03 : Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee and the head of each department.

The Risk Management Committee receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

53.01.04 : Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across all the states with a cap on maximum limit of exposure for a state and also for an individual/Group.

53.02 : Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Company's internal credit rating grades on days past due(dpd) basis:

Internal rating grade	Internal rating description
Performing	
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 90 dpd
Non-performing	90+ dpd

53.02.01 : Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross–settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

53.02.02 : Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company's definition and assessment of default (Note 53.02.02.01).

-How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default (Notes 53.02.02.02 to 53.02.02.04)

-When the Company considers there has been a significant increase in credit risk of an exposure (Note 53.02.02.05)

-The Company's policy of segmenting financial assets where ECL is assessed on a collective basis (Note 53.02.02.06)

-The details of the ECL calculations for stage 1, stage 2 and stage 3 assets (Note 6.1.xi)

53.02.02.01 : Definition of default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Such events include:

-The borrower requesting emergency funding from the Company.

-A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.

-A covenant breach not waived by the Company.

-The debtor (or any legal entity within the debtor's Company) filing for bankruptcy application/protection.

- All the facilities of a borrower are treated as stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.

-The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.

53.02.02.02 : PD estimation process

It is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

53.02.02.03 : Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For stage 2 and stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

In case of undrawn loan commitments, a credit conversion factor of 100% is applied for expected drawdown.

53.02.02.04 : Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

53.02.02.05 : Significant increase in credit risk(SICR)

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Company may also consider that events explained in Note 53.02.02.01 are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Company of similar assets (as set out in Note 53.02.02.06), the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

53.02.02.06 : Forward looking information

The Company has incorporated forward looking information and macro-economic factors while calculating PD and LGD rate. Refer note 62 for impact of COVID-19 on estimate of PD, LGD and SICR.

53.02.02.07 : Grouping financial assets measured on a collective basis

As explained in Note 6.1.(xi) dependent on the factors below, the Company calculates ECLs only on a collective basis.

The Company segments the exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans as described below.

1. New vehicle finance
2. Pre owned vehicle finance
3. Business Loans

53.02.03 : Analysis of risk concentration

The maximum credit exposure to any individual client or counterparty as of March 31, 2020 was Rs. 51.01 crores (March 31, 2019: Rs. 49.70 crores).

Credit risk exposure analysis **(Rs. in crores)**

Particulars	As at March 31, 2020			
	Stage 1 collective	Stage 2 collective	Stage 3 collective	Total
Normal	86,628.95	10,501.60	6,351.12	**103,481.67**
Restructured **	-	-	1,003.23	**1,003.23**
Equipment finance	-	-	7.52	**7.52**
Repossessed	-	-	908.45	**908.45**
Exposure > 1 crore	436.02	130.47	519.74	**1,086.23**
Other risks-forced/fraud	-	1,627.59	387.02	**2,014.61**
Grand Total	**87,064.97**	**12,259.66**	**9,177.08**	**108,501.71**

** includes repossessed assets worth Rs. 44.96 crores

53.03 : Liquidity risk and funding management

In assessing the company's liquidity position, consideration shall be given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company’s policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings. Asset Liability Management Committee(ALCO) reviews or monitors Asset Liability Management (ALM) mismatch. ALCO conducts periodic reviews relating to the liquidity position and stress test assuming various what if scenarios.

53.03.01 : Analysis of financial assets and liabilities by remaining maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities as at March 31. All derivatives used for hedging and natural hedges are shown by maturity. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

Maturity pattern of assets and liabilities as on March 31, 2020:

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets							-
Cash and cash equivalents	3,088.99	-	-	-	-	-	**3,088.99**
Bank balance other than above	2,480.60	934.41	789.14	21.78	-	-	**4,225.93**
Derivative assets	758.73	-	-	-	-	-	**758.73**
Financial assets at fair value through profit and loss	-	-	-	-	-	7.42	**7.42**
Loans *	6,915.77	14,216.43	23,589.62	64,954.52	25,558.69	1,634.19	**136,869.22**
Financial investments at amortised cost	80.29	101.63	179.55	519.43	364.27	1,574.75	**2,819.92**
Trade receivables	10.50	-	-	-	-	-	**10.50**
Other receivables	5.64	-	-	-	-	-	**5.64**
Other financial assets	-	-	-	-	-	45.15	**45.15**
Total discounted financial assets	**13,340.52**	**15,252.47**	**24,558.31**	**65,495.73**	**25,922.96**	**3,261.51**	**147,831.50**
Financial liabilities							
Deposits *	768.95	954.94	1,704.67	8,155.32	2,701.97	-	**14,285.85**
Debt securities *	1,506.34	1,740.07	3,943.97	22,256.44	9,096.87	1,532.02	**40,075.71**
Borrowings (other than debt securities) *	3,191.71	5,818.22	10,169.69	20,844.94	7,639.45	581.01	**48,245.02**
Subordinated liabilities *	929.67	326.89	325.03	1,283.78	3,324.54	2,122.82	**8,312.73**
Trade payables	143.84	-	-	-	-	-	**143.84**
Other payables	1.13	-	-	-	-	-	**1.13**
Other financial liabilities	581.20	147.66	58.96	81.48	41.92	1.10	**912.32**
Lease liabilities	24.31	20.24	36.42	135.90	83.79	62.15	**362.81**
Total discounted financial liabilities	**7,147.15**	**9,008.02**	**16,238.74**	**52,757.86**	**22,888.54**	**4,299.10**	**112,339.41**
Net discounted financial assets/(liabilities)	**6,193.37**	**6,244.45**	**8,319.57**	**12,737.87**	**3,034.42**	**(1,037.59)**	**35,492.09**

*** includes future interest**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Maturity pattern of assets and liabilities as on March 31, 2019:

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets							-
Cash and cash equivalents	1,029.14	-	-	-	-	-	**1,029.14**
Bank balance other than above	903.38	1,131.13	198.54	719.28	-	-	**2,952.33**
Derivative assets	21.72	-	-	-	-	-	**21.72**
Financial assets at fair value through profit and loss	1,552.03	-	-	-	-	8.05	**1,560.08**
Loans *	15,224.47	12,609.29	21,693.97	55,374.68	17,941.91	1,087.14	**123,931.46**
Financial investments at amortised cost	112.53	149.43	197.10	460.81	330.04	1,175.72	**2,425.63**
Trade receivables	8.48	-	-	-	-	-	**8.48**
Other receivables	19.94	-	-	-	-	-	**19.94**
Other financial assets	-	-	-	-	-	36.88	**36.88**
Total discounted financial assets	**18,871.69**	**13,889.85**	**22,089.61**	**56,554.77**	**18,271.95**	**2,307.79**	**131,985.66**
Financial liabilities							
Deposits *	891.68	778.19	1,498.30	7,209.38	2,570.91	-	**12,948.46**
Debt securities *	4,968.51	5,914.48	4,916.06	18,123.86	5,013.82	3,351.01	**42,287.74**
Borrowings (other than debt securities) *	5,887.43	5,128.06	9,187.54	13,040.62	6,774.54	1,661.06	**41,679.25**
Subordinated liabilities *	251.74	409.23	879.05	2,570.03	1,204.73	4,332.99	**9,647.77**
Trade payables	133.46	-	-	-	-	-	**133.46**
Other payables	2.72	-	-	-	-	-	**2.72**
Other financial liabilities	828.34	11.98	83.77	70.01	4.43	17.95	**1,016.48**
Derivative liabilities	83.42	-	-	-	-	-	**83.42**
Total discounted financial liabilities	**13,047.30**	**12,241.94**	**16,564.72**	**41,013.90**	**15,568.43**	**9,363.01**	**107,799.30**
Net discounted financial assets/(liabilities)	**5,824.39**	**1,647.91**	**5,524.89**	**15,540.87**	**2,703.52**	**(7,055.22)**	**24,186.36**

*** includes future interest**

The table below shows the expiry by maturity of the Company’s contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
As at March 31, 2020							
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	133.64	133.64
VAT demand where the Company has filed appeal before various appellates	-	-	-	-	-	117.21	117.21
Service tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	325.99	325.99
Penalty levied for Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	-	-	-	-	-	5.00	5.00
Estimated amount of contracts remaining to be executed on capital account, net of advances	4.15	-	-	-	-	-	4.15
Commitments related to loans sanctioned but undrawn	311.87	-	-	-	-	-	311.87
Total commitments	**316.02**	**-**	**-**	**-**	**-**	**581.84**	**897.86**

(Rs. in crores)

Particulars	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
As at March 31, 2019							
In respect of Income tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	78.70	78.70
VAT demand where the Company has filed appeal before various appellates	-	-	-	-	-	124.30	124.30
Service tax demands where the Company has filed appeal before various authorities	-	-	-	-	-	198.31	198.31
Estimated amount of contracts remaining to be executed on capital account, net of advances	5.55	-	-	-	-	-	5.55
Commitments related to loans sanctioned but undrawn	471.92	-	-	-	-	-	471.92
Total commitments	**477.47**	**-**	**-**	**-**	**-**	**401.31**	**878.78**

53.04 : Market Risk

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately.

Interest rate risk

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Most of the Company's outstanding liability is on fixed rate basis and hence not subject to interest rate risk. Some of the borrowings of the Company are linked to rate benchmarks such as Bank MCLR or London Inter-bank Offered Rate (LIBOR) and Mumbai Inter-Bank Offer Rate (MIBOR) and hence subject to interest rate risk. The Company hedges interest rate risks of foreign currency borrowings through derivative transactions. The sensitivity of the Company's floating rate borrowings to change in interest rate (assuming all other variables constant) is given below:

As at March 31, 2020 **(Rs. in crores)**

Particulars	Carrying amount	Favourable change 1% decrease	Unfavourable change 1% increase
Debt instrument	175.00	9.01	(8.48)
Term loans	9,941.92	875.54	(640.63)
Total floating rate borrowings	**10,116.92**	**884.55**	**(649.11)**

As at March 31, 2019 **(Rs. in crores)**

Particulars	Carrying amount	Favourable change 1% increase	Unfavourable change 1% decrease
Debt instrument	2,360.00	232.28	(288.97)
Term loans	10,855.48	672.97	(839.79)
Total floating rate borrowings	**13,215.48**	**905.25**	**(1,128.76)**

Note 54: Disclosure under the MSME Act 2006, (as per the intimation received from the vendor)

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
The principal amount remaining unpaid to supplier as at the end of the year	0.40	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

Note 55: Disclosure regarding auditors remuneration disclosed under legal and professional fees

In addition to the auditors remuneration shown in note 42 Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with issue of senior secured notes of Rs. 0.83 crores (March 31, 2019: Rs. 0.26 crores) [including out-of-pocket expenses of Rs. Nil (March 31, 2019: Rs. Nil)] shown under Legal and professional fees in note 42 Other expenses.

Note 56: Disclosure regarding auditors remuneration disclosed under finance cost

In addition to the auditors remuneration shown under note 42 Other expenses, the Company has also incurred auditors remuneration in connection with audit and related statutory services to be performed by auditors in connection with public issue of non-convertible debentures of Rs. 0.36 crores (March 31, 2019: Rs. 0.48 crores) amortised portion of which is included in note 37 Finance Costs under interest on debentures and unamortised portion of which is included in note 22 Debt securities under Redeemable non-convertible debentures - Secured -Public issue.

Note 57: Segment Reporting

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

Note 58: Transfer of financial assets

Note 58.01: Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Securitisation		
Carrying amount of transferred assets measured at amortised cost(Held as collateral)	21,612.72	17,770.52
Carrying amount of associated liabilities (Borrowings (other than debt securities)-measured at amortised cost)	21,452.04	17,738.52
Fair value of assets	20,054.22	16,355.39
Fair value of associated liabilities	20,358.45	15,918.57
Net position at fair value	**(304.23)**	**436.82**

Note 58.02: Transferred financial assets that are derecognised in their entirety

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Direct assignment		
Carrying amount of transferred assets measured at amortised cost	1,427.81	2,428.39
Carrying amount of exposures retained by the Company at amortised	142.78	253.60

Note 58.03: Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

Note 59: Expenditure in foreign currency (accrual basis)

(Rs. in crores)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Resource mobilisation	148.09	67.78
Legal and professional charges	-	0.60
Membership fees	0.00	0.00
Total	**148.09**	**68.39**

Amounts less than Rs. 1.00 lac are presented as Rs. 0.00 crores in the above statement.

Note 60: Details of CSR expenses

(Rs. in crores)

	Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
a)	**Gross amount required to be spent by the Company during the**	52.82	39.51
b)	**Amount spent during the year**		
	- On purposes other than construction/acquisition of any asset		
	Paid in cash	53.16	40.06
	Yet to be paid in cash	-	-
	Total	**53.16**	**40.06**

Note 61: Movement in provisions

(Rs. in crores)

Particulars	**As at March 31, 2019**	**Additional provision made during the year**	**Utilisation/reversal during the year**	**As at March 31, 2020**
Provision for taxes- contested	92.75	-	-	92.75

(Rs. in crores)

Particulars	**As at April 01, 2018**	**Additional provision made during the year**	**Utilisation/reversal during the year**	**As at March 31, 2019**
Provision for taxes- contested	92.75	-	-	92.75

The above provisions relate to disputed tax demands in relation to VAT and Service tax. Due to the very nature of such provisions and the litigations involved, it is not possible to estimate the timing/ uncertainties relating to their outflows.

Note 62: Note on Covid

The spread of SARS-CoV-2 virus (referred as 'COVID-19') across the globe and in India has contributed to a significant decline and volatility in global and Indian financial markets and a shrink in the economic activities. The Government of India declared 21-day nation-wide lock-down to contain the pandemic COVID-19 with effect from March 25, 2020. The Government then extended the lockdown till May 31, 2020. However, the government relaxed the lock-down in certain essential areas including plying commercial vehicles for transportation of essential and non-essential goods across the country. In terms of COVID-19 regulatory package announced by Reserve Bank of India (RBI) on March 27, 2020 and in accordance with the Scheme approved by the Board of directors of the Company, the Company has extended the moratorium to the eligible borrowers for instalments falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020, the moratorium is given to eligible borrowers for a further period of three months upto August 31, 2020. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The staging of accounts as on March 31, 2020 with respect to assets which were overdue though standard and to whom moratorium has been granted is based on the days past due as on February 29, 2020 keeping it at standstill. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of credit loss on loans, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic.

The Company has used relevant indicators of moratorium, considering various measures taken by Government and other authorities along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro-economic conditions. Based on such assessment, the Company has made additional expected credit loss provision of Rs 909.64 crores on account of COVID-19 impact in the financial statement. The impairment loss provided for on account of COVID-19 pandemic is based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over duration of pandemic and restoration of normalcy.

Note 63: Events after reporting date

There have been no events after the reporting date except the following:

The ratings of the Company which have been downgraded by the various rating agencies after March 31, 2020 are given below:

Credit Rating Agency	Instruments	As at March 31, 2020	Current Rating as on date
CRISIL	Bank Loan Long-term	CRISIL AA+/Stable	CRISIL AA+/Negative
CRISIL	Fixed deposit	CRISIL FAAA/Stable	CRISIL FAAA/ Negative
CRISIL	Non-convertible debenture	CRISIL AA+/Stable	CRISIL AA+/Negative
CRISIL	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AA+r/Stable	CRISIL PP-MLD AA+r/Negative
CRISIL	Subordinated debt	CRISIL AA+/Stable	CRISIL AA+/Negative
India Ratings & Research Private Limited (Formerly known as "FITCH")	Non-convertible debenture	IND AA+/Stable Outlook	IND AA+/RWN
India Ratings & Research Private Limited (Formerly known as "FITCH")	Subordinated debt	IND AA+/Stable Outlook	IND AA+/RWN
India Ratings & Research Private Limited (Formerly known as "FITCH")	Structured Non-Convertible Debentures	Provisional IND AAA(CE)/Stable	This rating is now withdrawn
Standard & Poor's Ratings	Offshore Rupee Denominated Bond (Masala Bond)	BB+	BB
Standard & Poor's Ratings	U.S. Dollar Senior Secured Notes	BB+	BB
Standard & Poor's Ratings	Long-Term Issuer Credit Rating	BB+/Negative	BB/Negative

RWN=Rating Watch Negative

Note 64: Floating charge on investment in government securities

In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities (face value) to the extent of Rs. 1,758.76 crores (March 31, 2019: Rs. 1,463.76 crores) in favour of trustees representing the public deposit holders of the Company.

Note 65: Disclosure of restructured accounts

(Rs. in crores)

Sr. No.	Type of restructuring		Others									
	Financial year		Year ended March 31, 2020					Year ended March 31, 2019				
	Asset classification		Standard	Sub-standard	Doubtful	Loss	TOTAL	Standard	Sub-standard	Doubtful	Loss	TOTAL
1	**Restructured accounts as on April 1**	**No. of borrowers**	**8,514**	**8,741**	**5,180**	**97**	**22,532**	**353**	**14,462**	**6,543**	**1,638**	**22,996**
		Amount outstanding	**228.00**	**535.06**	**271.81**	**4.37**	**1,039.24**	**12.99**	**646.01**	**221.71**	**61.76**	**942.47**
		Provision thereon	**39.91**	**182.45**	**83.26**	**1.24**	**306.86**	**1.30**	**100.65**	**75.43**	**22.79**	**200.17**
2	Fresh restructuring during the year	No. of borrowers	-	16,497	-	-	**16,497**	-	9,208	-	-	**9,208**
		Amount outstanding	-	756.20	-	-	**756.20**	-	573.04	-	-	**573.04**
		Provision thereon	-	254.33	-	-	**254.33**	-	122.65	-	-	**122.65**
3	Upgradation	No. of borrowers	7,006	(5,167)	(1,838)	(1)	-	8,514	(7,035)	(1,412)	(67)	-
		Amount outstanding	315.26	(225.21)	(90.05)	-	-	306.44	(262.36)	(42.45)	(1.63)	-
		Provision thereon	103.25	(75.12)	(28.13)	-	-	51.53	(37.43)	(13.55)	(0.55)	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured advances at the beginning of the next year	No. of borrowers	(8,514)	-	-	-	**(8,514)**	(353)	-	-	-	**(353)**
		Amount outstanding	(228.00)	-	-	-	**(228.00)**	(12.99)	-	-	-	**(12.99)**
		Provision thereon	(39.90)	-	-	-	**(39.90)**	(1.30)	-	-	-	**(1.30)**
5	Downgradation of restructured accounts during the year	No. of borrowers	-	(2,365)	1,805	560	-	-	(3,006)	3,201	(195)	-
		Amount outstanding	-	(250.36)	211.55	38.81	-	-	(180.81)	190.02	(9.21)	-
		Provision thereon	-	(88.14)	75.64	12.50	-	-	(25.30)	28.64	(3.34)	-
6	Write-offs of restructured accounts during the year	No. of borrowers	(843)	(2,046)	(2,639)	(80)	**(5,608)**	-	(4,888)	(3,152)	(1,279)	**(9,319)**
		Amount outstanding	(85.60)	(121.97)	(123.34)	(3.65)	**(334.56)**	(78.44)	(240.82)	(97.47)	(46.55)	**(463.28)**
		Provision thereon	(83.58)	(35.30)	(37.80)	(0.83)	**(157.51)**	(11.62)	21.88	(7.26)	(17.66)	**(14.66)**
7	**Restructured accounts as on March 31**	**No. of borrowers**	**6,163**	**15,660**	**2,508**	**576**	**24,907**	**8,514**	**8,741**	**5,180**	**97**	**22,532**
		Amount outstanding	**229.66**	**693.72**	**269.97**	**39.53**	**1,232.88**	**228.00**	**535.06**	**271.81**	**4.37**	**1,039.24**
		Provision thereon	**19.68**	**238.22**	**92.97**	**12.91**	**363.78**	**39.91**	**182.45**	**83.26**	**1.24**	**306.86**

Note:

i. The outstanding amount and number of borrowers as at March 31, 2020 and March 31, 2019 is after considering recoveries during the year.

ii. Additional facilities availed by borrowers or addition in outstanding balance in existing restructured accounts and partial repayments in existing restructured accounts are adjusted and disclosed under "Write-offs of restructured accounts", however, for the purpose of arithmetical accuracy the number of existing borrowers availing additional facility or partial repayments have been ignored.

iii. The Company has classified all the restructured accounts under stage 3 for ECL Calculations under Ind AS and Provision for Impairment Loss on all the restructured accounts have been provided in the books accordingly.

iv. Since the disclosure of restructured accounts pertains to section "Others", the first two sections namely "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per the format prescribed in the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit Taking Company (Reserve Bank) Directions 2016 as amended are not included above.

v. For the purpose of arithmetical accuracy, movement in provisions in the existing restructured account as compared to balance of provision as disclosed in opening balance and fresh restructuring on account sale/recovery/settlement (for any change in provision) is adjusted and disclosed under "Write-offs of restructured accounts" during the year.

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 66: Asset Classification as per RBI Norms

Disclosure in Notes to Financial Statements
For the year ended March 31, 2020

(Rs. in crores)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Performing Assets						
Standard	Stage 1	87,064.97	2,156.05	84,908.92	1,495.05	661.00
	Stage 2	12,259.66	928.08	11,331.58	997.81	(69.73)
Subtotal		**99,324.63**	**3,084.13**	**96,240.50**	**2,492.86**	**591.27**
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,043.64	2,118.64	3,925.00	588.01	1,530.63
Doubtful - up to 1 year	Stage 3	631.93	212.40	419.53	189.79	22.61
1 to 3 years	Stage 3	230.05	73.17	156.88	117.30	(44.13)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**861.98**	**285.57**	**576.41**	**307.09**	**(21.52)**
Loss	Stage 3	2,271.46	781.74	1,489.72	2,135.16	(1,353.42)
Subtotal for NPA		**9,177.08**	**3,185.95**	**5,991.13**	**3,030.26**	**155.69**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	1,254.66	40.78	1,213.88	-	40.78
	Stage 2	52.67	18.43	34.24	-	18.43
	Stage 3	2.63	2.70	(0.07)	-	2.70
Subtotal		**1,309.96**	**61.91**	**1,248.05**	**-**	**61.91**
Total	**Stage 1**	**88,319.63**	**2,196.83**	**86,122.80**	**1,495.05**	**701.78**
	Stage 2	**12,312.33**	**946.51**	**11,365.82**	**997.81**	**(51.30)**
	Stage 3	**9,179.71**	**3,188.65**	**5,991.06**	**3,030.26**	**158.39**
	Total	**109,811.67**	**6,331.99**	**103,479.68**	**5,523.12**	**808.87**

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 67: Asset classification and provisioning disclosure

Disclosure as per the circular no DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by Reserve Bank of India on "COVID 19 regulatory package - Asset Classification and provisioning"

For the year ended March 31, 2020

i) Amounts in SMA/overdue categories where moratorium/deferment was extended in terms of paragraph 2 and 3 of the above circular

(Rs. in crores)

SMA category	**Amount**
SMA 0	23,601.37
SMA 1	13,884.42
SMA 2	4,425.63
Total	**41,911.42**

ii) Respective amount where asset classification benefit is extended : Rs. 1,334.38 crores

iii) Provisions made during quarter ended March 31, 2020 in terms of paragraph 5 of the above circular :

The provision made by the Company as per the ECL model is more than the provision required as per IRAC norms which is inclusive of additional 5% provision of Rs. 2,095.57 crores as per the above circular.

iv) Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular : Not applicable

Additional disclosures required by the Reserve Bank of India (RBI)

The additional disclosures required by RBI are prepared under Indian Accounting Standards (Ind AS) issued by MCA unless otherwise stated.

Note 68: Ratings assigned by credit rating agencies and migration of ratings during the year

	Instruments	Credit rating agency	As on March 31, 2020	As on March 31, 2019
	Bank Loan Long-term	CRISIL	CRISIL AA+/Stable	CRISIL AA+/Stable
	Bank Loan Short-term	CRISIL	CRISIL A1+	CRISIL A1+
	Commercial Paper	India Ratings & Research Private Limited (Formerly known as “FITCH”)	IND A1+	IND A1+
	Commercial Paper	CARE	CARE A1+	CARE A1+
	Fixed deposit	CRISIL	CRISIL FAAA/Stable	CRISIL FAAA/Stable
	Long Term Principal Protected Market Linked Debentures	CRISIL	CRISIL PP-MLD AA+r/Stable	
	Structured Non-Convertible Debentures	India Ratings & Research Private Limited (Formerly known as “FITCH”)	Provisional IND AAA(CE)/Stable	
	Fixed deposit	ICRA	MAA+ with Stable outlook	MAA+ with Stable outlook
	Long-Term Issuer Credit Rating	Standard & Poor’s Ratings	BB+/Negative Outlook	BB+/Stable
	Long-Term Issuer Default Rating	Fitch Ratings	BB/RWN	BB+/Stable Outlook
	Non-convertible debenture	CARE	CARE AA+/Stable	CARE AA+/Stable
	Non-convertible debenture	CRISIL	CRISIL AA+/Stable	CRISIL AA+/Stable
	Non-convertible debenture	India Ratings & Research Private Limited (Formerly known as “FITCH”)	IND AA+/Stable Outlook	IND AA+/Stable Outlook
	Offshore Rupee Denominated Bond (Masala Bond)	Standard & Poor’s Ratings	BB+	BB+
	U.S. Dollar Senior Secured Notes	Standard & Poor’s Ratings	BB+	BB+
	Offshore Rupee Denominated Bond (Masala Bond)	Fitch Ratings	BB	BB+
	U.S. Dollar Senior Secured Notes	Fitch Ratings	BB	BB+
	Short term debt	CRISIL	CRISIL A1+	CRISIL A1+
	Short-Term Issuer Credit Rating	Standard & Poor’s Ratings	B	B
	Short-Term Issuer Default Rating	Fitch Ratings	B	B
	Subordinated debt	CARE	CARE AA+/Stable	CARE AA+/Stable
	Subordinated debt	India Ratings & Research Private Limited (Formerly known as "FITCH”)	IND AA+/Stable	IND AA+/Stable
	Subordinated debt	CRISIL	CRISIL AA+/Stable	CRISIL AA+/Stable

Note 69: Capital

(Rs. in crores)

Particulars		As at March 31, 2020 #	As at March 31, 2019
i)	CRAR (%)	21.99	20.27
ii)	CRAR - Tier I capital (%)	18.13	15.62
iii)	CRAR - Tier II capital (%)	3.86	4.65
iv)	Amount of subordinated debt raised as Tier-II capital*	5,591.73	6,040.74
v)	Amount raised by issue of Perpetual debt instruments	-	-

calculated as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020.

"Tier I capital", "Tier II capital", "Owned fund" are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020.

* Note:

Discounted value of Rs. 4,046.46 crores (March 31, 2019: Rs. 4,688.17 crores) considered for Tier II capital against the book value of Rs. 5,591.73 crores (March 31, 2019: Rs. 6,040.74 crores).

Note 70: Investments

(Rs. in crores)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(1) Value of investments		
(i) Gross value of investments		
(a) In India	2,840.71	3,999.08
(b) Outside India,	-	-
(ii) Provisions for depreciation		
(a) In India	42.23	0.01
(b) Outside India,	-	-
(iii) Net value of investments		
(a) In India	2,798.48	3,999.07
(b) Outside India,	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.01	0.07
(ii) Add : Provisions made during the year	42.22	-
(iii) Less : Write-off/write-back of excess provisions during the year	-	0.06
(iv) Closing balance	42.23	0.01

Note 71: Derivatives

71.01 : Forward rate agreement/Interest rate swap

(Rs. in crores)

Particulars		**As at March 31, 2020**	**As at March 31, 2019**
(i)	The notional principal of swap agreements	24,921.80	5,682.09
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swap	-	-
(v)	The fair value of the swap book	758.73	5,682.09

71.02 : Exchange traded interest rate (IR) derivatives : Nil

71.03 : Disclosures on risk exposure of derivatives

Qualitative disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes interest rate and currency swaps, interest rate options and forwards. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

The Company has entered into derivative agreement to mitigate the foreign exchange risk and interest rate risk pertaining to external commercial borrowings and foreign currency bonds. The description of risk policies and risk mitigation strategies are disclosed in note 53 of the financial statements.

Quantitative Disclosures

(Rs. in crores)

Particulars		**As at March 31, 2020**		**As at March 31, 2019**	
		Currency derivatives	**Interest rate derivatives**	**Currency derivatives**	**Interest rate derivatives**
(i)	Derivatives (Notional principal amount)				
	For hedging	16,177.17	8,744.63	5,682.09	
(ii)	Marked to market positions				
	a) Asset (+)	709.05	49.68	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit exposure	-	-	-	-
(iv)	Unhedged exposures	-	-	-	-

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

Note 72: Disclosures relating to securitisation
72.01 : Outstanding amount of securitised/assigned assets as per books of the SPVs sponsored

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(Rs. in crores)

Sr. No.		Particulars	As at March 31, 2020	As at March 31, 2019
1		No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	72	65
2		Total amount of securitised assets as per books of the SPVs sponsored	20,487.93	16,376.03
3		Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	(a)	Off-Balance Sheet exposures		
		First loss	35.08	9.85
		Others	-	-
	(b)	On-Balance Sheet exposures		
		First loss	2171.17	1,708.24
		Others	942.79	877.81
4		Amount of exposures to securitisation transactions other than MRR		
	(a)	Off-Balance Sheet exposures		
		(i) Exposure to own securitisations		
		First loss	-	-
		Loss	651.41	910.43
		(ii) Exposure to third party securitisations		
		First loss	-	-
		Others	-	-
	(b)	On-Balance Sheet exposures		
		(i) Exposure to own securitisations		
		First loss	-	-
		Others	1,441.75	964.35
		(ii)Exposure to third party securitisations		
		First loss	-	-
		Others	-	-

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(Rs. in crores)

Sr. No.	Particulars		As at March 31, 2020	As at March 31, 2019
1	No. of transactions assigned by the Company		3	27
2	Total amount outstanding		1,427.81	2,428.39
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet			
	(a)	Off-Balance Sheet exposures		
		First loss	-	-
		Others	-	-
	(b)	On-Balance Sheet exposures		
		First loss		-
		Others	142.78	253.60
4	Amount of exposures to assigned transaction other than MRR			
	(a)	Off-Balance Sheet exposures		
		(i) Exposure to own securitisations		
		First loss	-	-
		Loss	-	-
		(ii) Exposure to third party securitisations		
		First loss	-	-
		Others	-	-
	(b)	On-Balance Sheet exposures		
		(i) Exposure to own securitisations		
		First loss	-	-
		Others	-	-
		(ii)Exposure to third party securitisations		
		First loss	-	-
		Others	-	-

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below:

(Rs. in crores)

Sr. No.		Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of transactions assigned by the Company		-	-
2	Total amount outstanding		-	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet			
	(a)	Off-Balance Sheet exposures		
		First loss	-	-
		Others	-	-
	(b)	On-Balance Sheet exposures		
		First loss	-	-
		Others	-	-
4	Amount of exposures to assigned transaction other than MRR			
	(a)	Off-Balance Sheet exposures		
		(i) Exposure to own securitisations		
		First loss	-	-
		Loss	-	-
		(ii) Exposure to third party securitisations		
		First loss	-	-
		Others	-	-
	(b)	On-Balance Sheet exposures		
		(i) Exposure to own securitisations		
		First loss	-	-
		Others	-	-
		(ii)Exposure to third party securitisations		
		First loss	-	-
		Others	-	-

72.02 : Details of financial assets sold to securitisation/reconstruction company for asset reconstruction
The Company has not sold any financial assets to securitisation/reconstruction company for asset reconstruction during the year ended March 31, 2020 and March 31, 2019.

72.03 : Details of assignment transactions undertaken by the Company

(Rs. in crores)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
i)	No. of accounts	-	76,129
ii)	Aggregate value (net of provisions) of accounts sold	-	2,725.46
iii)	Aggregate consideration *	-	2,735.34
iv)	Additional consideration realized in respect of accounts transferred in earlier years	22.18	1.85
v)	Aggregate gain/loss over net book value	-	11.73

* Includes income on assignment transactions realised in respect of accounts transferred in previous year.

72.04 : Details of non-performing financial assets purchased / sold by the Company
The Company has not purchased/sold non-performing assets for the year ended March 31, 2020 and March 31, 2019.

Note 73: Asset liability management maturity pattern of certain items of assets and liabilities

As at March 31, 2020 **(Rs. in crores)**

Particulars	**Upto 30/31 days**	**Over 1 month upto 2 months**	**Over 2 months upto 3 months**	**Over 3 months & upto 6 months**	**Over 6 months & upto 1 year**	**Over 1 year & upto 3 years**	**Over 3 years & upto 5 years**	**Over 5 years**	**Total**
Deposits *	358.59	223.81	223.16	822.14	1,340.18	6,945.86	2,156.98	-	**12,070.72**
Advances ** #	56.38	668.02	2,133.62	8,688.79	16,740.50	49,917.57	22,576.28	1,450.47	**102,231.63**
Investments	32.37	41.38	6.54	101.63	179.55	519.43	340.48	1,577.10	**2,798.48**
Borrowings ***	1,398.12	709.36	2,460.27	6,374.02	11,680.97	28,621.82	11,382.49	2,916.38	**65,543.43**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	1,419.13	-	13.81	78.20	54.81	8,377.29	6,459.71	504.67	**16,907.62**

The Board of Directors of the Company have approved moratorium policy in their meeting held on June 10, 2020 for a further period of 3 months from June 2020 to August 2020 pursuant to the Reserve Bank of India Notification no. RBI/2019-20/244 DOR.No.BP.BC. 71/ 21.04.048/ 2019-20 dated May 23, 2020 to eligible borrowers. The same is in the process of being implemented. Consequently the effect of the further moratorium extended as mentioned above is not considered in the above ALM disclosure.

As at March 31, 2019 **(Rs. in crores)**

Particulars	**Upto 30/31 days**	**Over 1 month upto 2 months**	**Over 2 months upto 3 months**	**Over 3 months & upto 6 months**	**Over 6 months & upto 1 year**	**Over 1 year & upto 3 years**	**Over 3 years & upto 5 years**	**Over 5 years**	**Total**
Deposits *	508.86	197.78	199.01	606.07	1,115.09	5,844.07	2,017.60	-	**10,488.48**
Advances **	3,305.69	5,075.97	3,095.55	9,191.82	15,986.25	43,388.41	15,745.89	961.91	**96,751.49**
Investments	352.80	43.75	1,268.01	149.43	197.10	460.81	330.04	1,197.13	**3,999.07**
Borrowings ***	2,602.60	4,251.98	3,069.79	8,990.93	12,606.78	23,169.70	8,890.43	8,870.62	**72,452.83**
Foreign currency assets	-	-	-	-	-	-	-	-	**-**
Foreign currency liabilities	17.23	(1.49)	11.30	21.95	(9.38)	2,725.08	2,381.80	-	**5,146.49**

* includes deposits from corporates and unclaimed matured deposit.

** net of Impairment loss allowance.

*** excludes deposits which are shown separately and External commercial borrowings and external commercial bond which are shown separately under Foreign currency liabilities.

Note 74: Exposures

74.01 : Exposure to real estate sector

The Company has no exposure to real estate sector.

74.02 : Exposure to capital market

(Rs. in crores)

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	19.75	20.45
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	1.04	0.97
Total exposure to capital market		**20.79**	**21.42**

74.03 : Details of financing of parent company products

The Company does not have any Parent Company, hence not applicable.

74.04 : Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

74.05 : Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

Note 75: Additional disclosures

75.01: Provisions and contingencies

(Rs. in crores)

Break up of 'Provisions and contingencies' shown under the head expenditure in Profit and Loss account	Year ended March 31, 2020	Year ended March 31, 2019
Provisions for depreciation on investment	-	-
Provision towards NPA#	1,680.91	1,590.06
Provision made towards income tax	921.20	1,346.37
Provision for Standard Assets ##	-	-
Other Provision and contingencies (with details)		
Provision towards impairment of financial instruments other than provision for stage 3 assets	1,113.97	792.20

Provision for stage 3 assets

Provision for standard assets is included in provision towards impairment of financial instruments other than provision for stage 3 assets.

75.02 : Draw down from reserves

The draw down from reserves was Rs. Nil.

75.03 : Concentration of Deposits, Advances, Exposures and NPAs

75.03.01 : Concentration of Deposits (for deposit taking NBFCs)

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Total deposits of twenty largest depositors	723.28	735.67
Percentage of deposits of twenty largest depositors to total deposits of the NBFC	6.07%	7.11%

75.03.02 : Concentration of advances

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Total advances to twenty largest borrowers *	345.11	328.21
Percentage of advances to twenty largest borrowers to total advances of the NBFC *	0.32%	0.32%

* Excludes retained interest on direct assignment Rs. 142.78 crores (March 31, 2019: Rs. 253.60 crores)

75.03.03 : Concentration of exposures

(Rs. in crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers/customers *	347.76	328.97
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers *	0.32%	0.32%

* Excludes retained interest on direct assignment Rs. 142.78 crores (March 31, 2019: Rs. 253.60 crores)

75.03.04 : Concentration of NPAs

(Rs. in crores)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Total exposure to top four NPA accounts**	132.36	102.66

** NPA accounts refer to stage 3 assets.

75.03.05 : Sector-wise NPAs # $

(Rs. in crores)

Sr. No.	Sector	As at March 31, 2020	As at March 31, 2019
		Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	7.68%	8.07%
7	Others	21.82%	14.14%

The loans mentioned above include loans given to corporates.

$ NPA accounts refer to stage 3 assets.

Note 76: Movement of NPAs $

(Rs. in crores)

Particulars			Year ended March 31, 2020	Year ended March 31, 2019
(i)	**Net NPAs to net advances (%)**		5.69%	5.68%
(ii)	**Movement of NPAs (Gross)**			
	(a)	Opening balance	8,616.27	8,934.46
	(b)	Additions during the year	13,506.74	6,638.30
	(c)	Reductions during the year	(12,945.93)	(6,956.49)
	(d)	**Closing balance**	**9,177.08**	**8,616.27**
(iii)	**Movement of Net NPAs**			
	(a)	Opening balance	5,646.53	5,840.07
	(b)	Additions during the year	9,305.19	4,396.99
	(c)	Reductions during the year	(8,960.59)	(4,590.53)
	(d)	**Closing balance**	**5,991.13**	**5,646.53**
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**			
	(a)	Opening balance	2,969.74	3,094.39
	(b)	Provisions made during the year	4,201.55	2,241.31
	(c)	Write-off/write-back of excess provisions	(3,985.34)	(2,365.96)
	(d)	**Closing balance**	**3,185.95**	**2,969.74**

$ NPA accounts refer to stage 3 assets.

Note 77: Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint venture or subsidiary abroad, hence not applicable.

Note 78: Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-balance sheet SPV which are required to be consolidated as per accounting norms.

Note 79: Customer complaints

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a)	Number of complaints pending at the beginning of the year	60	72
(b)	Number of complaints received during the year	2,007	2,583
(c)	Number of complaints redressed during the year	2,039	2,595
(d)	Number of complaints pending at the end of the year	28	60

Note 80: Information on instances of fraud

Instances of fraud for the year ended March 31, 2020: **(Rs. in crores)**

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount written-off
Fraud committed by employees	3	0.18	0.01	-
Fraud committed by borrowers and outsiders	2	0.28	0.04	0.19

* includes Rs. 0.04 crores recovered from the fraud cases reported during the year ended March 31, 2019.

Instances of fraud for the year ended March 31, 2019: **(Rs. in crores)**

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Fraud committed by borrowers and outsiders	13	1.08	0.22	-

Note 81: Disclosure of Penalties imposed by RBI and other regulators

(Rs. in crores)

Details of Penalties levied by various regulators for the year ended March 31, 2020:

Sr.No	Authority	Non-compliance/ violation	Penalty levied	Penalty paid	Penalty provided	Penalty Waived/Reduced /Stay Received	Date of payment	Status as on March 31, 2020
1	Reserve Bank of India	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Insurance Regulatory and Development Authority of India	Clause ll(3)(ii)(a), Clause ll(3)(ii)(m), Clause ll(3)(ii)(o) of Schedule-lll under Regulation 26 of IRDAI (Registration of Corporate Agents) Regulations, 2015 regarding Engagement of persons other than Specified Persons to procure business	0.15	0.15	Nil	Nil	October 31, 2019	Paid
3	Enforcement Directorate (ED) / Adjudicating Authority/ Tribunal or any authority under FEMA	Contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000	5.00	Nil	Nil	Nil	Nil	Disclosed under Note 49: Contingent liabilities, commitments and leasing arrangements as the Company has filed a writ petition with Madras High Court.
4	Registrar of Companies/ NCLT/ CLB/Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	Securities and Exchange Board of India	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Competition Commission of India	Nil	Nil	Nil	Nil	Nil	Nil	Nil

No penalties have been levied by any regulator on the Company for the year ended March 31, 2019.

Note 82: Previous year comparatives

Previous year's figures have been regrouped/reclassified wherever necessary, to conform to current year's classification.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For Pijush Gupta & Co.
Chartered Accountants
ICAI Firm Registration No. 309015E

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

Sumant Sakhardande
Partner
Membership No. 034828
Mumbai
June 10, 2020

Sangeeta Gupta
Partner
Membership No. 064225
Gurugram
June 10, 2020

S. Lakshminarayanan
Chairman
DIN: 02808698
New Delhi
June 10, 2020

Umesh Revankar
Managing Director & CEO
DIN: 00141189
Mumbai
June 10, 2020

Parag Sharma
Executive Director & CFO
Mumbai
June 10, 2020

Vivek M. Achwal
Company Secretary
Mumbai
June 10, 2020

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

As required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
Schedule to the Balance Sheet

(Rs. in crores)

	Particulars	As at March 31, 2020		
	Liabilities side :			
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**	**Amount outstanding**	**Amount overdue**	
	(a) Debenture : Secured	20,016.37	15.45	#
	: Unsecured	454.11	Nil	
	(other than falling within the meaning of public deposits*)			
	(b) Deferred Credits	Nil	Nil	
	(c) Term Loans	36,157.60	Nil	
	(d) Inter-corporate loans and borrowing	39.42	Nil	
	(e) Commercial Paper	Nil	Nil	
	(f) Public Deposits* @	11,918.17	149.69	#
	(g) Other Loans - Subordinated debts	5,751.76	81.69	#
	- Cash Credit	2,016.39	Nil	
	- Deposits from corporates	152.55	0.33	#
	- Senior secured notes	1,204.92	Nil	
	- External commercial borrowing- Secured	4,300.61	Nil	
	- External commercial bond -Secured	12,607.01	Nil	
	@ excludes deposits from corporates			
	*Please see note 1 below			
	# Represent amounts unclaimed			
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**	**Amount outstanding**	**Amount overdue**	
	(a) In the form of Unsecured debentures	Nil	Nil	
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	Nil	Nil	
	(c) Other public deposits @	11,918.50	149.69	#
	@ excludes deposits from corporates			
	*Please see note 1 below			
	# Represent amounts unclaimed			
	Assets side :			
		Amount outstanding		
(3)	**Break-up of loans and advances including bills receivables (other than those included in (4) below):**			
	(a) Secured	105,061.35		
	(b) Unsecured	3,428.63		

Shriram Transport Finance Company Limited
Notes forming part of the financial statements for the year ended March 31, 2020

(Rs. in crores)

(4)	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities €	Amount outstanding	
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		Nil
	(b) Operating lease		Nil
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire		Nil
	(b) Repossessed Assets		Nil
	(iii) Other loans counting towards asset financing activities : €		
	(a) Loans where assets have been repossessed		Nil
	(b) Loans other than (a) above		Nil

€ The Company has not disclosed amount outstanding under assets financing activities under note 4(iii) and included entire loan amount outstanding under note 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment companies in to a new category "NBFC - Investment and Credit Company" vide its circular no. DNBR (PD) CC. No. 097/03.10.001/2018-19 dated February 22, 2019.

(Rs. in crores)

(5)	Break-up of investments : $	Amount outstanding	
	Current investments :		
	1. Quoted :		
	(i) Shares : (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debenture and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		Nil
	(v) Others (Please specify)		Nil
	2. Unquoted :		
	(i) Shares: (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		Nil
	(v) Others (Please specify)		Nil
	Long term investments :		
	1. Quoted :		
	(i) Shares : (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		1,824.46
	(v) Others (Please specify)		Nil
	2. Unquoted :		
	(i) Shares: (a) Equity		16.73
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		3.02
	(iv) Government securities		Nil
	(v) Others -Venture capital fund		1.04
	- Pass through certificates (unquoted)		918.99
	- Investment in subordinated debts		34.24

$ The Company has not disclosed the breakup of investment into Long term investment and current investment as the classification is not required under Indian Accounting Standards issued by MCA for NBFCs.

(6)	**Borrower group-wise classification of assets, financed as in (3) and (4) above :** Please see note 2 below	**(Rs. in crores)**	
	Category	**Amount (Net of provisions)**	
		Secured	**Unsecured**
	1. Related Parties **		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
	2. Other than related parties	105,073.08	3,428.63

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): $** Please see note 3 below	**(Rs. in crores)**	
	Category	**Market Value / Break up or fair value or NAV***	**Book Value (Net of Provisions)**
	1. Related Parties **		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	52.81	13.37
	(c) Other related parties	Nil	Nil
	2. Other than related parties	2,933.62	2,873.58

* Disclosure is made in respect of available information.
** As per Indian Accounting Standard issued by MCA (Please see note 3)

$ The Company has not disclosed the breakup of investment into Long term investment and current investment as the classification is not required under Indian Accounting Standards issued by MCA.

(Rs. in crores)

(8)	**Other information**	
	Particulars	**Amount**
(i)	Gross non-performing assets ¥	
	(a) Related parties	Nil
	(b) Other than related parties	9,177.08
(ii)	Net non-performing assets ¥	
	(a) Related parties	Nil
	(b) Other than related parties	5,991.13
(iii)	Assets acquired in satisfaction of debt	Nil

¥ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Notes :

1. As defined in point xxvii of paragraph 3 of Chapter II of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

2. Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.

3. All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.

Shriram Transport Finance Company Limited

Form AOC-1

(Pursuant to first proviso to sub- section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A: Subsidiaries

The Company does not have any subsidiary.

Part B: Associates and joint venture (Refer note 45)

Sr. No.	Particulars - Associate	Shriram Automall India Limited
1	**Latest Audited Balance Sheet Date**	March 31, 2020
2	**Shares of associate held by the Company on the year end**	
	No.	13,369,565
	Amount of investment in associate (Rs. in crores)	13.37
	Extent of holding %	44.56
3	**Description of how there is significant influence**	By virtue of holdings being 20% or more
4	**Reason why the associate is not consolidated**	N.A.
5	**Networth attributable to shareholding as per latest audited Balance Sheet (Rs. in crores)**	54.16
6	**Profit/Loss for the year (Rs. in crores)**	
i	Considered in consolidation	10.43
ii	Not Considered in consolidation	12.98

The Company does not have any joint venture.

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

S. Lakshminarayanan	**Umesh Revankar**
Chairman	Managing Director & CEO
DIN: 02808698	DIN: 00141189
New Delhi	Mumbai
June 10, 2020	June 10, 2020

Parag Sharma	**Vivek M. Achwal**
Executive Director & CFO	Company Secretary
Mumbai	Mumbai
June 10, 2020	June 10, 2020

MATERIAL DEVELOPMENTS

Except as disclosed below and stated elsewhere in this Letter of Offer, to our knowledge, no circumstances have arisen since March 31, 2020 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

1. In accordance with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, our Company has made the following disclosure to the Stock Exchanges on the impact COVID-19 on the operation of our Company:

"1. Impact of the COVID-19 pandemic on the Business:

The COVID–19 pandemic and the consequent lockdown and restrictions imposed by national and the state governments during March 24,2020 to May 31,2020 have impacted businesses and social life in the country. As a result, our employees were not been able to make on-field visits at the customer's place thereby causing adverse impact on cash collections from customers due to restrictions on the movement of people. Further, our customers are facing temporary business slow down due to the lockdown and this has also impacted our business. Disbursements are badly affected as the RTO offices and dealers were non-functional up to 7th June,2020 in most part of the country. The buying-selling and new vehicle sales transactions needing personal interactions has just started from June, 2020. In view of nationwide lock down due to pandemic and the consequential disruptions and liquidity stress, the Reserve Bank of India had issued certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID 19 pandemic to ensure the continuity of viable business and had advised Banks and NBFCs to offer to its borrowers a Moratorium of three months from March 01, 2020 to May 31, 2020 for repayment of loans. Subsequently, the Moratorium period was extended up to August 31, 2020 after extension of the lock down. Accordingly, the repayment schedule of the Term loans as also the residual tenor of the Term Loans have been shifted across the board by another three months after the moratorium period. The interest rate charged during the Moratorium period will be the contracted rate at which loan agreements were entered into with the borrowers. The Interest charged during the moratorium period will be collected after the revised last instalment due date based on the moratorium granted by the company. Such Interest amounts would be collected in instalments and the instalment amount will be equivalent to the current instalment amount and the last instalment will be adjusted to arrive at the present contracted rate of such loan agreements. In case of revolving working capital credit facilities in the form of Floating Business Loans, Vehicle trade advance loans to dealers and working capital loans to borrowers (fuel, toll loans etc.), the borrowers will be allowed deferment of another three months on payment of interest in respect of such facilities during the period June 1, 2020 and August 31, 2020. The accumulated interest for the period March 1, 2020 to August 31, 2020 will be converted into a funded interest term loan and the said funded term loan on account of accumulated interest will be repayable by March 31,2021.

2. Functioning of Corporate/ Administrative /Branch offices:

All employees had been advised to Work from Home for employees staying in COVID red zones, employees working from home have been provided with Laptop/Desktop and internet connection.

As NBFC activities were declared as essential activities in April 2020, most of our offices have been working with minimal staff. Further, we have restricted the staff attendance to alternate days at each office in a manner so as to commensurate with the mandatory guidelines and rules laid by the Statutory Authority(s). Almost all the branches offices are operational now.

Those who are required to work from the respective office locations, are doing so upon obtaining approval from the local authorities subject to following of the mandatory guidelines prescribed by the Regulatory Bodies. The remaining employees have been advised to Work from Home till further notice by the Management.

Further, permission of on-field visits at customer's place is being provided after taking into account the magnitude of the COVID-19 disease spread in the respective area of the customer, subject to adherence to mandatory guidelines laid by the Statutory Authorities.
All staff attending the Corporate office/Administrative office/ Branch Offices or making field visit, have been strictly advised to maintain social distancing, wear masks and carry sanitizers.

Sanitizers in adequate quantity are available in the Office for usage by the employees and we have strongly recommended to use the same frequently. Moreover, our Offices and Branches are being sanitized regularly to ensure the safety of the employees and all other required extensive arrangements as has been mandated by the Statutory Authority, have also been made at the Corporate Office / Administrative office / Branch Offices. In furtherance thereto, the Company has laid a Standard Operating Procedure ("SOP") Guideline for all staffs and they have been instructed to follow the same without exception, as, it is for their safety and well-being.

As and when the lockdown is lifted gradually by the Statutory Authority(s), the Company shall also accordingly raise the maximum permissible employee attendance at the workplace.

3. Steps taken to ensure smooth functioning of operations:

As explained in detail in point no. 2 above, the Company is following a gradual transition from Work-from-Home (WFH) to Work-from-Workplace (WFW), so that, stakeholders are served to the best of the ability of the Company and the same time, the health and safety of the employees is also not compromised with.
The Company has also taken various cost optimization measures including pay cut in the range of 10% to 20% for senior employees while for other employees it has been decided to manage with "No Increment policy and has decided to go slow or further branch expansion. All the discretionary expenses like travel and business promotion are curtailed.

4. Estimation of the future impact of COVID-19 on our operations:

In the ambit of the prevailing Force Majeure conditions, the impact of the COVID-19 pandemic is presently not completely ascertainable and the same will depend on how quickly, the country's economy recovers.

5. Details of impact of COVID-19 on:

a. Capital and financial resources

As per the current assessment, there is no significant impact on the Company's capital and financial resources of the Company. The Company would be exploring the various options to strengthen the capital base, balance sheet, growth opportunities and to face COVID-19 led contingencies and events.

b. Profitability

The negative impacts of the COVID-19 pandemic will be reflected in the turnover and profitability of the Company for the financial year 2020-21 – the level of the same cannot be ascertained at present. The Company has made additional expected credit loss provision of Rs.909.64 crore in the financial statements for the year ended March31, 2020.

c. Liquidity position.

Our liquidity position has been adversely impacted, as, we have extended moratorium to our borrowers based on Notification issued by RBI for COVID-19 regulatory package on March 27,2020 and May 23,2020. We hope that this is a temporary phase and that, the Indian Economy should bounce back quickly.

d. Ability to service debt and other financing arrangements.

In spite of tight liquidity position, our ability to service debts and other financial debt commitment has not been affected as, our financial leveraging is low. Thus, at present, the Company has sufficient liquidity to meet the same. The company has also applied for moratorium for the loans taken from banks and some of the banks have granted moratorium and hopeful of receiving consent for moratorium from other banks.

Expected Credit Losses (ECL)

The Company has adopted Indian Accounting Standard from the financial year 31st March 2019. As per the said standards, the company is required to provide for the Expected credit losses on its lending business. The Company expects increase in ECL due to extension of moratorium granted to its borrowers based on the regulatory requirements and impact of COVID 19 on the overall economy. The company has taken into account impact of COVID-19 situation on the macro economic conditions in the estimates and assumptions while assessing the ECL. The present ECL for on account of COVID-19 pandemic are based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over actual end of pandemic and restoration of normalcy.

e. Internal financial reporting and control.

Internal financial reporting and control are functional as, checks and controls are being exercised through remote access to systems by working from home during the shutdown period.

f. Disbursement of Loans

Disbursement of loan has been made to such borrowers who were identified and approved by the business team for granting term loan, prior to lockdown. The funds have been/are being transferred to such borrowers by availing the electronic money transfer facility of the Banks and accordingly, there has been no difficulty in transferring funds to them. There are many proposals are in pipelines which could not be completed due to RTO office not functioning.
The Company has slowed down identifying new borrowers as, the same requires: (i) to make on-field visits at borrowers' place; (ii) to collect various documents; and various other measures - in order to establish the creditworthiness and genuinity of the prospective borrower. (iii) The vehicles buying selling requires RTOs to work full fledge to effect transfer of ownership and noting of hypothification.

g. Demand for new loans

The demand for availing loan products would start with the beginning of monsoon mostly from rural area to start with and should pick up the demand in urban area as well when the economic activity starts fully.

6. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business:

The Company endeavors to perform its duties as agreed to in various executed operational contracts / agreements. There has been no failure in performance by the Company of its obligations envisaged in contract / agreement entered into by it.

Presently, there are no such existing contracts / agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business.

7. Other relevant material updates about the Company's business:

The HR department turned the 'Lockdown' into a new opportunity promoting culture for using new methods of efficient working, striking work-life balance, switching to Work From Home (WFM), Employee Training through company's e-learning platform "Mycoach" and video based learnings were given prime importance and total of 24738 employees were trained and assessed on their learnings. During the lockdown HR Department with the help of the regional teams had engaged with the employees telephonically on various safety measures to be followed, learning options available with the company and on customer engagement. Total of 16402 employees were covered during the lockdown. The employees, in particular working in metro cities, who spend average 3 hours on commuting, spent same time on discharging their official duties. The 'Lockdown' gave many new learnings, ideas and experience with respect to effective communication techniques, efficient time management, thereby improving overall efficiency, cost optimization. The importance of focusing on digital payment and use of advanced techniques for customer services, effective use of Video conferencing meetings with employees, directors was also highlighted and understood during 'Lockdown' period. The Company's field employees used Mobile Application 'MNOVA' and educated the customers to use 'My Shriram' Mobile application for availing of various services in respect of the Company's financial products. The Company is ensuring the health and well-being of employees during the pandemic and creating awareness amongst employees to strictly follow the 'Social Distancing'. Due to many of its advantages, the HR *department is exploring the possibilities to progressively switching in a phased manner using the combinations WFW and WFH by back-office staff for cost optimization and increase overall efficiency and mitigating the associated risks of data safety and protection.*

The Company's opinion on various matters as envisaged above, are forward-looking statements which are based on certain assumptions, risks, uncertainties and expectations of future events. The actual results, performance or achievements can thus differ from those projected, depending on various factors over which, the Company does not have any direct control."

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain key accounting and other ratios of our Company computed on the basis of the Financial Statements included in the section titled "*Financial Statements*" beginning on page 99.

Accounting Ratios

Ratio	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Basic and Diluted Earnings Per Share (in Rs.)	110.73	113.52
Return on Net Worth (in %)	13.87	16.16
Net Asset Value per Equity Share (in Rs.)	799.64	703.57
EBITDA (in Rs. Million)	118,499.80	113,325.00

The ratios have been computed as below:

Ratios	Computation
Basic and Diluted Earnings Per Share	Profit attributable to shareholder Total number of weighted average number of shares
Return on Net Worth (%)	Profit for the Year Net Worth
Net Asset Value per Share	Total Equity Average number of shares Total Equity = Equity share capital + Other equity
EBITDA	Profit before tax + depreciation and amortization expenses + finance cost

Calculation of Return on Net Worth

Particulars	As of and for the year ended March 31, 2020	As of and for the year ended March 31, 2019
Net Profit (₹ in millions) [A]	25122.68	25756.80
Net Worth (₹ in millions) [B]	1,81,146.73	1,59,351.30
Return on Net Worth [A]/[B]*100 (in %)	13.87	16.16

Calculation of Net Asset Value per Equity Share

Particulars	As of and for the year ended March 31, 2020	As of and for the year ended March 31, 2019
Number of Equity Shares (in millions) [A]	226.88	226.88
Total Equity (₹ in millions) [B]	181,423.13	159,627.50
Net Asset Value per Equity Share [B]/[A]*100	799.64	703.57

Calculation of EBITDA

(in Rs. Million)

Particulars	As of and for the year ended March 31, 2020	As of and for the year ended March 31, 2019
Profit before tax and extraordinary items	34,386.65	37,782.70
Add: Depreciation	1410.48	429.70
Add: Finance Cost	82,702.56	75,112.60
EBITDA	1,18,499.80	1,13,325.00

Capitalization Statement

The following table sets forth the capitalization statement of our Company (on a consolidated basis):

(*in Rs. Million*)

Particulars	As at March 31, 2020 (Pre-Issue)	Increase due to the Issue*	As at March 31, 2020 - As adjusted for the proposed Issue*
	(A)	(B)	(A) + (B) = (C)
Total borrowings			
Debt Securities	342,669.59	-	342,669.59
Borrowings (other than debt security)	424,745.99	-	424,745.99
Deposits	119,601.15	-	119,601.15
Subordinated Liabilities	56,700.73	-	56,700.73
Total equity			
Equity share capital	2,268.83	15,000.00	17,268.83
Other equity	179,154.30		179,154.30
Money received against warrants	-	-	-
Total capital (Total borrowings + Total equity)	1,125,140.59	15,000.00	1,140,140.49
Ratio: Total borrowings / Total equity	5.20		4.80

* *Assuming full subscription of the Issue*

STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares are listed on BSE and NSE. The Rights Equity Shares have not been listed earlier and will be listed on the Stock Exchanges pursuant to this Issue. For further details, please refer to the section titled "*Terms of the Issue*" beginning on page 399. We have received in-principle approvals for listing of the Rights Equity Shares to be Allotted pursuant to the Issue from BSE and NSE through their letters each dated [●]. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars. For the purposes of this Issue, the Designated Stock Exchange is NSE.

For the purpose of this section, unless otherwise specified:

- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- In case of two days with the same high / low / closing price, the date with higher volume has been considered.

The following table sets forth the high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded:

BSE							
Fiscal	**Date of High**	**High** (*in Rs.*)	**Volume on Date of High (No. of Equity Shares)**	**Date of Low**	**Low** (*in Rs.*)	**Volume on Date of Low (No. of Equity Shares)**	**Average** (*in Rs.*)
2020	February 24, 2020	1,366.90	48,615	March 23, 2020	440	68,420	1,075.45
2019	April 27, 2018	1,670.60	145,514	October 8, 2018	904	234,263	1,267.97
2018	January 10, 2018	1,543.45	11,335	August 11, 2017	898	59,835	936.15

Source: www.bseindia.com

NSE							
Fiscal	**Date of High**	**High** (*in Rs.*)	**Volume on Date of High (No. of Equity Shares)**	**Date of Low**	**Low** (*in Rs.*)	**Volume on Date of Low (No. of Equity Shares)**	**Average** (*in Rs.*)
2020	February 24, 2020	1,367.00	2,270,413	March 23, 2020	440.00	2,208,926	1,075.51
2019	April 27, 2018	1,668.75	2,436,197	October 8, 2018	902.30	3,870,560	1,268.22
2018	January 10, 2018	1,545.90	823,163	August 10, 2017	917.70	1,028,507	1,170.43

Source: www.nseindia.com

The following table sets forth the monthly high and low prices and trading volumes on BSE and NSE for the six months preceding the date of filing of this Letter of Offer.

BSE							
Month	**Date of High**	**High** (*in Rs.*)	**Volume on Date of High (No. of Equity Shares)**	**Date of Low**	**Low** (*in Rs.*)	**Volume on Date of Low (No. of Equity Shares)**	**Average** (*in Rs.*)
May 2020	May 7, 2020	806.70	215,670	May 22, 2020	528.10	314,291	643.52
April 2020	April 20, 2020	820.80	281,965	April 7, 2020	500.00	376,921	652.84
March 2020	March 2, 2020	1,328.00	221,930	March 23, 2020	440.00	68,420	820.19
February 2020	February 24, 2020	1,366.90	48,615	February 3, 2020	967.00	29,430	1,218.01
January 2020	January 14, 2020	1,213.60	89,197	January 31, 2020	1,017.20	30,338	1,105.82
December 2019	December 20, 2019	1,189.35	43,602	December 9, 2019	1,061.55	12,584	1,119.13

Source: www.bseindia.com

NSE							
Month	**Date of High**	**High** (*in Rs.*)	**Volume on Date of High (No. of Equity Shares)**	**Date of Low**	**Low** (*in Rs.*)	**Volume on Date of Low (No. of Equity Shares)**	**Average** (*in Rs.*)
May 2020	May 7, 2020	807.00	3,933,507	May 22, 2020	527.75	8,729,151	643.51
April 2020	April 20, 2020	823.00	7,597,909	April 7, 2020	500.10	6,773,778	652.78
March 2020	March 2, 2020	1,358.15	2,613,993	March 23, 2020	440.00	2,208,926	819.58
February 2020	February 24, 2020	1,367.00	2,270,413	February 3, 2020	965.55	1,259,468	1,218.41
January 2020	January 14, 2020	1,213.40	2,185,367	January 31, 2020	1,016.65	1,983,266	1,105.90
December 2019	December 20, 2019	1,189.50	1,980,512	December 9, 2019	1,062.00	668,576	1,119.12

Source: www.nseindia.com

Week end prices of Equity Shares of our Company along with the highest and lowest prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE					
For the Week Ended	**Closing Price** (*in Rs.*)	**Date of High**	**High** (*in Rs.*)	**Date of Low**	**Low** (*in Rs.*)
June 26, 2020	705.10	June 26, 2020	733.75	June 22, 2020	665.30
June 19, 2020	658.70	June 15, 2020	707.35	June 16, 2020	638.75
June 12, 2020	685.35	June 12, 2020	693.10	June 11, 2020	605.00
June 5, 2020	615.70	June 3, 2020	640.80	June 2, 2020	600.25

Source: www.bseindia.com

NSE					
For the Week Ended	**Closing Price** (*in Rs.*)	**Date of High**	**High** (*in Rs.*)	**Date of Low**	**Low** (*in Rs.*)
June 19, 2020	704.90	June 26, 2020	734.00	June 22, 2020	665.50
June 12, 2020	658.85	June 15, 2020	707.55	June 16, 2020	638.45
June 5, 2020	684.40	June 12, 2020	693.70	June 12, 2020	606.00
May 29, 2020	614.90	June 3, 2020	641.00	June 2, 2020	563.05

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on one day prior to the date of the Letter of Offer was Rs. [●] on BSE and Rs. [●] on NSE. The Issue Price of Rs. [●] per Rights Equity Share has been arrived at in consultation between our Company and the Lead Managers.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

We are, from time to time, involved in a number of legal proceedings in the ordinary course of our business, which involve matters pertaining to, amongst others, tax, regulatory, recovery proceedings and other disputes. Except as disclosed below, there is no outstanding litigation involving our Company that would have a material and adverse effect on the operations or the financial position of the Company.

The Securities Issuance Committee at its meeting held on [●], resolved that for the purpose of disclosure of litigations in this Letter of Offer, the materiality threshold shall be 1% of our net worth as on March 31, 2020 i.e. Rs. 1,800.52 million.

Further, except as stated below, our Company is not aware of any pending litigation involving the Company which involves issues of moral turpitude or criminal liability, material violations of statutory regulations or proceedings relating to economic offences.

Litigations involving our Company

1. Our Company filed an appeal before the Supreme Court of India (Special Leave Petition (Civil) 35142 of 2009) against an order dated November 18, 2009 passed by the High Court of Kerala in connection with a writ petition filed challenging the action of Commissioner of Commercial Taxes, Kerala, directing our Company to register under the provisions of the Kerala Money Lenders Act, 1958. The High Court of Kerala, pursuant to the impugned order, had dismissed an appeal in connection with the aforesaid writ petition, thereby *inter alia* confirming the aforesaid direction of the Commissioner of Commercial Taxes, Kerala. The Supreme Court of India admitted the appeal and, pursuant to an order dated December 16, 2009, stayed the operation of the impugned order. The matter is currently pending.

2. Our Company filed a writ petition (Writ Petition No. 47108/2011) on December 15, 2011, against the State of Karnataka and others before the High Court of Karnataka *inter alia* seeking (a) a declaration that the provisions of the Karnataka Money Lenders Act, 1961 and the Karnataka Prohibition of Charging Exorbitant Interest Act, 2004 (collectively, the "**Impugned Statutes**") do not apply to NBFCs and the Company, in particular, (b) to strike down the Impugned Statutes, (c) a writ in the nature of certiorari or other suitable writ, order or direction quashing an order issued by the Karnataka State Money Lending Department dated September 29, 2011 and proceedings initiated against our Company pursuant to the Impugned Statutes, (d) interim relief by staying the proceedings initiated against our Company pursuant to the Impugned Statutes and (e) restraining the Karnataka state money lending authorities from initiating action against our Company under the aforesaid statutes. The High Court of Karnataka by its order dated December 16, 2011 stayed the proceedings initiated against our Company pursuant to the Impugned Statutes. The matter is currently pending.

3. Our Company filed an appeal before the Supreme Court of India, Special Leave Petition (Civil) (9711-9713) of 2014 against the common final judgment and order dated October 8, 2013 passed by the High Court of Judicature at Calcutta in Writ Petition No. 24 of 2010, Writ Petition No. 4 of 2011 and Writ Petition No. 6 of 2011 challenging the decision to uphold the imposition of value added tax on NBFCs disposing off vehicles for recovery of loans taken by borrowers by treating said NBFCs as dealers as defined under Section 2 (11) of the West Bengal Value Added Tax 2003. The matter is currently pending.

4. Our Company, on April 8, 2019, received a showcause notice dated March 30, 2019 (the "**SCN**") from the Directorate of Enforcement which functions under the aegis of Ministry of Finance, Government of India. The SCN relates to the issue of warrants by SHMPL to a non-resident investor pursuant to a share subscription agreement executed in 2006. It is alleged in the SCN that warrants issued by SHMPL were not permitted instruments which could be issued to non-resident investors in 2006 and accordingly there was a contravention of provisions of the FEMA and the relevant rules made thereunder to the extent of Rs. 24,360.12 lacs. The SCN was issued to our Company in its capacity as a successor in interest of SHMPL to show cause as to why adjudication proceedings should not be initiated against it and certain individuals who were the then directors of SHMPL at the relevant time. During 2006 and 2007, SHMPL, which was classified as an investment holding company under the applicable regulatory regime, issued equity shares and warrants to Newbridge India Investments II Limited (the "**Newbridge**"). The approval granted by the Foreign Investment Promotion Board, also functioning under the aegis of Ministry of Finance, Government of India ("**FIPB**") (the "**FIPB Approval**"), permitted SHMPL to issue equity shares to the Newbridge and investment by SHMPL in equity shares and warrants to be issued by three non-banking financial companies in which 100% foreign direct investment was permitted under the extant direct foreign investment policy of the government of India, utilising the

monies received from the Newbridge. All warrants issued by SHMPL to the Newbridge were converted into equity shares of SHMPL in 2006 and 2007. There was a delay on the part of SHMPL in filing the relevant forms indicating the receipt of monies from the Newbridge and issue of equity shares and warrants against such receipt, and the relevant forms were filed in 2013 (after amalgamation of SHMPL with our Company). Our Company, in the capacity of successor of interest of erstwhile SHMPL had filed a compounding application for the delay and had paid the penalty imposed on us by the RBI. At this time, the RBI had referred to the FIPB Approval (as amended by a subsequent letter from the FIPB dated January 31, 2006) and indicated that since the FIPB Approval only mentioned the issue of equity shares to the Newbridge, a post-facto approval/ clarification be obtained from the FIPB regarding issue of warrants to the Newbridge. Accordingly, our Company had, in a letter dated March 14, 2013 written to the FIPB, in response to which a letter dated March 20, 2013 was received by our Company from the FIPB stating that the policy regarding issue of warrants was not explicit in the year 2006 when the warrants in question were issued by then SHMPL and that since the warrants in question have already been converted into equity shares, there was no requirement of their approval. In the years 2016 and 2017, the Enforcement Directorate raised queries in relation to the aforementioned issue of warrants in the year 2006 by SHMPL, to which our Company has responded and provided all documents requested, including by way of personal appearances and submissions made by our executive director and senior management personnel. Pursuant thereto, the Company received the SCN on April 8, 2019. Our Company has filed its reply to the SCN on June 6, 2019 setting out why the Company believes that the issuance of the SCN was not warranted. The Company received an order dated March 4, 2020 from the Directorate of Enforcement ("**ED**") which imposed a penalty of Rs. 50,000,000 on the Company in connection with the matter citing contravention of provisions of Section 6(3)(b) of FEMA, 1999 read with Regulation 4 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000. In this regard, the ED has also levied a penalty of Rs. 5,000,000, each, on three persons, the then directors of the erstwhile SHMPL. Our Company has further filed a writ petition dated June 4, 2020 before the High Court of Madras, requesting, *interalia*, for a stay of the order dated March 4, 2020. The matter is currently pending.

5. Transgulf Frozen Food Containers Private Limited had filed, a first information report against, *interalia*, our Company, our former director Mr. Arun Duggal and our Director Mr. Umesh Govind Revankar, on December 26, 2014 at the Kavi Nagar Police Station, District Ghaziabad under Sections 420, 467, 468, 471 and 120-B of the Indian Penal Code, 1860. Subsequently, a charge sheet was filed and a criminal case no. 10030 of 2016 read with case no. 2784/2017 was initiated against our Company, our former director Mr. Arun Duggal and our Director, Mr. Umesh Govind Revankar before the court of ACJM VI, Ghaziabad. Thereafter, the accused had filed certain applications before the High Court for quashing of chargesheet which was dismissed by the High Court. In the interim the Magistrate, Ghaziabad had issued directions to the accused to appear and subsequently issued bailable and thereafter non-bailable warrants against the accused. The accused have currently received bail and the matter is currently pending before the Magistrate, Ghaziabad for framing of charges.

6. A criminal application (Cri.M.A.No.604/2018) was filed by Mr. Sudhir Satyawan Kamble (the "**Complainant**"), before the court of Judicial Magistrate First Class, Islampur ("**JMFC**") against our Company, Shriram General Insurance Corporation Limited and certain present and past Directors of our Company. This application was prompted by the denial of an insurance claim for a sum of Rs. 20 lacs by Shriram General Insurance Corporation Limited ("**SGICL**") in the Motor Accidents Claim Tribunal in relation to a tempo (vehicle no. MH-10-AQ-2171) purchased by one Mr. Samir Sikandar Mulla, pursuant to a loan availed from the Company. The said tempo was involved in an accident with a motorcycle resulting in the death of one person and injury to one of riders of the motorcycle. Mr. Mulla claimed to have insured his tempo with SGICL. However, the claim made by him in the Motor Accident Claim Tribunal against SGICL was denied on the ground that the insurance policy taken by Mr. Mulla was bogus and SGICL had not issued any policy to him. The criminal application was filed alleging that our Company and SGICL had, inter alia, committed the offences of criminal breach of trust, cheating and forgery, against Mr. Mulla. On October 8, 2018 the JMFC had passed an ex-parte order against our Company directing that the complaint filed by the Complainant be treated as a first information report ("**FIR**") for investigation by the Islampur police. In response to the order of the JMFC above, on November 19, 2018, our Company and certain directors named in the complaint filed a revision application (Cri.Revi. Application no.32/2018) before the Court of Additional District and Session Judge at Islampur, inter alia, for setting aside and/or correcting the order of the JMFC as being grossly erroneous, where the Company contended that the Complainant is neither a borrower of the Company nor had any dealings with our Company / our directors and had no locus standi to file the complaint in respect of which the order dated October 08, 2018 was passed by the JMFC. It was also contended that the said order was passed without giving the Company and certain directors of the Company a proper and legal opportunity of being heard.

The Additional District and Session Judge at Islampur, vide an order dated November 21, 2018, had stayed the order dated October 8, 2018 passed by JMFC. By subsequent order dated February 6, 2019, the Additional District and

Session Judge at Islampur has partially allowed the revision application made by our Company and the matter was remanded to the trial court for fresh inquiry at its original stage. On March 27, 2019, the complainant filed an application for impleading the directors of SGICL including Mr. Umesh Revankar, who is also one of our directors, as part of the criminal proceedings . The matter is currently pending.

7. Mr. Praveen Sharma has filed a first information report dated August 3, 2015 under Sections 406, 420, 465 and 506 of the Indian Penal Code, 1860, against, *interalia*, our Director, Mr. Umesh Govind Revankar in relation to non-payment of his fees. The matter is currently pending before the Chief Judicial Magistrate, Lucknow. Thereafter, Mr. Revankar and certain other defendants had filed a petition before the High Court seeking quashing of the FIR. The petition has been disposed off by the High Court by way of an order dated April 25, 2016 on the ground that the cause of action was purely of a civil nature and with a direction to the State of UP to file the final report. The complainant has subsequently filed a protest petition before the Chief Judicial Magistrate, Lucknow, which is currently pending.

8. Mr. Abhishek Shukla has filed a first information report dated October 18, 2015 under Sections 406 and 420 of the Indian Penal Code, 1860, against, *interalia*, our Director, Mr. Umesh Govind Revankar in relation to non-payment of his fees. The matter is currently pending before the Chief Judicial Magistrate, Lucknow. Thereafter, a petition by the defendants was filed before the High Court seeking quashing of the FIR. The petition has been disposed off by the High Court by way of an order dated April 1, 2016 on the ground that the cause of action was purely of a civil nature and with a direction to the State of UP to file the final report. The matter is currently pending. The complainant has subsequently filed a protest petition before the Chief Judicial Magistrate, Lucknow, which is currently pending.

9. Certain criminal cases and recovery suits have been filed by our Company against various parties in relation to alleged violations arising in the ordinary course of our business and operations under, amongst others, the Indian Penal Code. These matters are currently pending at various stages of adjudication.

Show cause notices and proceedings initiated by SEBI against the Company, Promoter or Promoter Group

1. Shriram Insight Share Broker Limited ("**SISBL**"), has received a show cause notice (SEBI/EAD-4/GR/KG/OW/10733/1/2020) dated June 1, 2020 ("**SCN**") from the adjudication officer alleging the violation of various SEBI circulars issued under the Stock Broker Regulations in relation for (i) failure to send pledge statements to clients; (ii) failure to settle or retention of huge amounts of securities in excess of obligations of clients (ranging from Rs. 8.37 lakhs to Rs. 6.78 crore); (iii) failure to report fund balances; and (iv) failure to upload KYC data. SISBL is in the process of responding to the SCN. As on the date SISBL or our Company cannot ascertain the monetary impact of any adverse determination, if made, by the adjudication officer pursuant to the SCN proceedings.

2. Shriram Insight Share Broker Limited ("**SISBL**"), by way of adjudication order no Order/KS/VC/2020-21/7594 dated April 30, 2020 has been penalised an amount of Rs. 200,000 by the adjudicating officer, on account of violation of the minimum maintenance margin as specified under the SEBI Circular no. SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004. SISBL has paid the penalty amount. SISBL is currently evaluating further options in relation to preferring an appeal against the order dated April 30, 2020.

3. Shriram Insight Share Broker Limited ("**SISBL**"), by way of adjudication order Order/AA/AR/2020-21/8024 dated June 26, 2020, has been penalised an amount of Rs. 1,000,000, by adjudicating officers, on account of various non-compliances under the SEBI (Stock Broker and Sub-brokers) Regulation, 1992 ("**Stock Broker Regulations**"), the Code of Conduct under the Stock Broker Regulations and the Securities Contracts (Regulation) Rules, 1957. SISBL is currently evaluating further options in relation to preferring an appeal against the order dated June 26, 2020.

Tax proceedings involving our Company

Particulars	No. of outstanding cases	Amount involved (*in Rs. Millions*)
Tax Proceedings involving our Company		
Indirect Tax	38	5136.97
Direct Tax	13	1345.47

GOVERNMENT AND OTHER APPROVALS

As on the date of this Letter of Offer, our Company has obtained all material consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on our present business activities. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we will apply for their renewal, from time to time.

As on the date of this Letter of Offer, there are no pending material approvals required for our Company, to conduct our existing business and operations. Further, as on the date of this Letter of Offer, there are no pending approvals required for our Company, in relation to any new lines of business activities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at its meeting held on June 15, 2020, pursuant to Section 62 of the Companies Act, 2013.

The Securities Issuance Committee, at its meeting held on [●], has determined the Issue Price, in consultation with the Lead Managers, to be Rs. [●] per Rights Equity Shares and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] fully paid-up Equity Share, as held on the Record Date.

Our Company has received in-principle approvals from BSE and NSE pursuant to Regulation 28 of SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted pursuant to the Issue through their letters each dated [●]. Our Company will also make applications to BSE and NSE to obtain the trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN '[●]' for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. Our Company has been allotted the ISIN '[●]' both from NSDL and CDSL for the Rights Equity Shares issued pursuant to this Issue. For details, please see "*Terms of the Issue*" on page 399.

Prohibition by SEBI

Our Company, the Promoter, the members of the Promoter Group and the Directors have not been or are not debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, the Promoter and the Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither the Promoter nor the Directors have been declared as a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Association of our Directors with the securities market

None of our Directors are associated with the securities market in any manner.

Prohibition by RBI

Neither the Company, nor the Promoter, nor the Directors have been or are identified as a Wilful Defaulter.

Eligibility for the Issue

The Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations.

Compliance with Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement and SEBI Listing Regulations, as applicable, for the last three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

2. The reports, statements and information referred to above are available on the website of the Stock Exchanges.

3. The Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part B of Schedule VI of SEBI ICDR Regulations.

Compliance with Regulation 61 and Regulation 62 of SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 61 of the SEBI ICDR Regulations, to the extent applicable.

Our Company is in compliance with the conditions specified in Regulation 62(1), to the extent applicable. Further, our Company shall ensure that the expenses to be incurred towards general corporate purposes as mentioned in the section titled "*Objects of the Issue*" beginning on page 72 shall not exceed 25% of the gross proceeds of the Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulation read with SEBI circular, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 dated April 21, 2020 and accordingly, our Company is eligible to make the Issue by way of a 'fast track issue':

1. the Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having nationwide trading terminals, for a period of at least eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

2. the entire shareholding of the Promoter Group is held in dematerialized form as on the date of filing this Letter of Offer with the Designated Stock Exchange;

3. the average market capitalization of the public shareholding of the Company is at least Rs. 1000 million;

4. the annualized trading turnover of the Equity Shares during six calendar months immediately preceding the month of the filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months' period;

5. the annualized delivery-based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of the Equity Shares during such six months' period;

6. the Company has been in compliance with the Listing Agreement and the provisions of SEBI Listing Regulations, as applicable, including with respect to the composition of the Board, for a period of at least eighteen months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

7. the Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing this Letter of Offer with the Designated Stock Exchange;

8. no show-cause notices have been issued or prosecution proceedings initiated by SEBI and pending against the Company or its Promoter or whole time directors, as on the date of filing this Letter of Offer with the Designated Stock Exchange;

9. neither our Company nor the Promoter nor members of the Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

10. the Equity Shares of our Company have not been suspended from trading as a disciplinary measure during the last eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

11. there is no conflict of interest between the Lead Managers and the Company or its Group Companies in accordance with the applicable regulations;

12. the Promoter and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within the Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, as amended; and

13. there are no audit qualifications on the audited accounts of the Company in respect of those financial years for which such accounts are disclosed in this Letter of Offer.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER(S) HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI ICDR REGULATIONS IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER(S) IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER(S) HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], WHICH READS AS FOLLOWS:

WE CONFIRM THAT:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(B) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE

BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID - COMPLIED WITH;

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – COMPLIED WITH;

5. WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER - NOT APPLICABLE;

6. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER - NOT APPLICABLE;

7. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS WHICH RELATE TO RECEIPT OF PROMOTERS'' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE - NOT APPLICABLE;

8. NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE;

9. THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION - COMPLIED WITH;

10. FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES - COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD - COMPLIED WITH;

11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS - NOTED FOR COMPLIANCE INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020.;

12. IF APPLICABLE, THE ENTITY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF SEBI ICDR REGULATIONS - NOT APPLICABLE;

13. NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY - COMPLIED WITH;

14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER - COMPLIED WITH INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 DATED APRIL 21, 2020;

15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS - COMPLIED WITH;

16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN - COMPLIED WITH AND NOTED FOR COMPLIANCE;

17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY - COMPLIED WITH;

WE ENCLOSE A NOTE EXPLAINING THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US INCLUDING IN RELATION TO THE BUSINESS OF THE ISSUER, THE RISKS IN RELATION TO THE BUSINESS, EXPERIENCE OF THE PROMOTERS AND THAT THE RELATED PARTY TRANSACTIONS ENTERED INTO FOR THE PERIOD DISCLOSED IN THE LETTER OF OFFER HAVE BEEN ENTERED INTO BY THE ISSUER IN ACCORDANCE WITH APPLICABLE LAWS.

WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE SEBI ICDR REGULATIONS HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER(S) ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

Disclaimer from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his / her own risk.

Investors who invest in the Issue will be deemed to have been represented to our Company and the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Managers shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is NSE.

Disclaimer Clause of BSE

BSE has given, *vide* its letter dated [●] permission to this Company to use BSE's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to NSE. NSE has given *vide* its letter [●] dated [●] permission to the Issuer to use NSE's name in this Letter of Offer as one of the stock exchanges on which the Issuer's securities are proposed to be listed. NSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that the Issuer's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Issuer, its Promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will send this Letter of Offer / Abridged Letter of Offer, Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI.

Accordingly, the Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders of our Company and in accordance with the SEBI ICDR Regulations, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to send the Letter of Offer / Abridged Letter of Offer, Application Form and the Rights Entitlement Letter, shall not be mailed the Letter of Offer / Abridged Letter of Offer, Application Form and the Rights Entitlement Letter.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Rights Equity Shares or excess Rights Equity Shares, or who purchases Rights Entitlement or Rights Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

This Letter of Offering is being delivered only to investors in "offshore transactions" as defined in, and in reliance, on Regulation S. None of the Rights Entitlement or the Rights Equity Shares has been, or will be, registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Rights Entitlement and the Rights Equity Shares are being offered and sold only outside the United States in compliance with Regulation S.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

The distribution of this Letter of Offer may be restricted by law in certain jurisdictions. Persons into whose possession this document and any other related documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document, in whole or in part, does not form the basis of, and should not be relied upon in connection with, any contract, agreement or commitment whatsoever. Anyone purchasing or seeking to acquire the Rights Equity Shares will be deemed to have represented that they have complied with all applicable restrictions.

Investors are advised to consult their own legal counsel prior to taking up any Rights Equity Shares, or making any offer, sale, resale, pledge or transfer of the Rights Equity Shares. No action has been or will be taken to permit a public offering of the Rights Equity Shares in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Equity Shares may not be offered, sold, resold, allotted, taken up, pledged, transferred or delivered, directly or indirectly, and this document may not be distributed, in any jurisdiction outside of India, except in accordance with legal requirements applicable in such jurisdiction.

Experts

Our Company has received consent from its Joint Statutory Auditors, Haribhakti & Co. LLP and Pijush Gupta & Co. through their letter dated [●] and [●], respectively, to include their name in this Letter of Offer in respect of the Financial Statements and as an "expert" as the Companies Act, 2013 to the extent and in their capacity as the Joint Statutory Auditors and in respect of the reports issued by it included in this Letter of Offer and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act, 1933.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of SEBI ICDR Regulations. Further, in terms of Regulation 71(8) of SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer with SEBI located at Plot No.C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra, India and do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders' Relationship Committee which currently comprises Lakshminarayanan Subramanian, Umesh Govind Revankar and Pradeep Kumar Panja. The broad terms of reference include redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The investor complaints received by our Company are disposed of within 30 days from the date of receipt of the complaint.

Registrars to the Issue

Kfin Technologies Private Limited ***(formerly known as "Karvy Fintech Private Limited")*** Selenium, Tower B Plot No- 31 and 32, Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India Tel: +91 40 6716 2222 E-mail: stfc.rights@kfintech.com Investor grievance e-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact Person: M Murali Krishna SEBI Registration No.: INR000000221	**Integrated Registry Management Services Private Limited** 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 Tel: +91 44 2814 0801, +91 44 2814 0802 and +91 44 2814 0803 Fax:+91 44 2814 2479 Email: stfcrights@integratedindia.in Investor Grievance Email: sureshbabu@integratedindia.in Website: www.integratedindia.in Contact Person: Ms. Anusha N / Mr. K Balasubramanian SEBI Registration No: INR000000544

Investors may contact our Company Secretary and Compliance Officer or the Registrars in case of any pre-Issue / post-Issue related problems such as non-receipt of Allotment advice / demat credit / refund orders etc. The contact details of the Company Secretary and Compliance are as follows:

Mr. Vivek Madhukar Achwal
Company Secretary and Compliance Officer
Shriram Transport Finance Company Limited
Wockhardt Towers, Level-3
West Wing, C –2, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051
Tel.: +91 22 4095 9595
Email: stfcricomp@stfc.in

In accordance with SEBI Rights Issue Circulars, frequently asked questions and guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, only through email, by the Registrars on behalf of our Company or Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

i. our Company at www.stfc.in;
ii. the Registrars, i.e, (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram; and (ii) Integrated Registry Management Services Private Limited at https://www.integratedindia.in/rights;
iii. the Global Co-ordinators and Lead Managers, *i.e.*, (i) ICICI Securities Limited at www.icicisecurities.com; (ii) BNP Paribas at www.bnpparibas.co.in; (iii) Citigroup Global Markets India Private Limited at www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm ; (iv) Credit Suisse Securities (India) Private Limited at www.credit-suisse.com; (v) HSBC Securities and Capital Markets (India) Private Limited at https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback; and J.P. Morgan India Private Limited at www.jpmipl.com;
iv. the Joint Lead Managers, *i.e.*, (i) Axis Capital Limited at www.axiscapital.co.in; and (ii) SBI Capital Markets Limited at www.sbicaps.com
v. the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
vi. the Registrar’s web-based application platform at https://rights.kfintech.com/shriram.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrars (*i.e.*,(i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.stfc.in).

Further, our Company along with the Lead Managers will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company, the Lead Managers and the Registrars will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, OAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the OAP. For details, see "*- Procedure for Application through the ASBA Process*" and "*- Procedure for Application through OAP facility*" on page 411.

(a) **ASBA facility**: Investors can submit either the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility. Investors should note that the ASBA process involves procedures that are different from the procedure under the OAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "*- Procedure for Application through the ASBA Process*" on page 411.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

(b) **Registrar's Online Application Portal:**

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate web based application platform, i.e., the OAP facility (accessible at https://rights.kfintech.com/shriram), has been instituted for making an Application in this Issue by resident Investors. Further, OAP is only an additional option and not a replacement of the ASBA process. At the OAP, resident Investors can access and submit the online Application Form in electronic mode using the OAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING OAP FACILITY. OAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE OAP PROCESS, SEE "*RISK FACTORS - THE OAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS*" ON PAGE 39.

For guidance on the Application process through OAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (https://rights.kfintech.com/shriram) or call helpline number (1800 345 4001 / +91 40 6716 2222). For details, see "- *Procedure for Application through OAP*" on page 411.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, our Company will make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "**STFC Rights Entitlement Suspense Escrow Demat Account**" and "**STFC Rights Allotment Demat Suspense Account**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrars on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrars not later than two Working Days prior to the Issue Closing Date, *i.e.*, by OAP to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrars account is active to facilitate the aforementioned transfer.

4. Application by Eligible Equity Shareholders holding Equity Shares in physical form:

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

i. the Eligible Equity Shareholders apply only through OAP;
ii. the Eligible Equity Shareholders are residents;
iii. the Eligible Equity Shareholders are not making payment from non-resident account;
iv. the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
v. the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to, within 6 (six) months from the Allotment Date, send a communication to our Company or the Registrars containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Rights Equity Shares in such demat account.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 418 and 427, respectively.

5. Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://rights.kfintech.com/shriram
- Updation of Indian address/ email address/ mobile number in the records maintained by the Registrars or our Company: https://rights.kfintech.com/shriram and https://www.integratedindia.in/rights
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: https://rights.kfintech.com/shriram and https://www.integratedindia.in/rights
- Submission of self-attested PAN, client master sheet and demat account details by nonresident Eligible Equity Shareholders: https://rights.kfintech.com/shriram and https://www.integratedindia.in/rights

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrars (*i.e.*, (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.stfc.in).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrars not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrars (*i.e.*,(i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram; and (ii) Integrated Registry Management Services Private Limited at https://www.integratedindia.in/rights). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through OAP (an additional optional facility).

For details of Application through OAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 418 and 427, respectively.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. This Letter of Offer will be provided, only through email, by the Registrars on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrars, our Company and the Lead Managers through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of Rs. 10.

Issue Price

Each Rights Equity Share is being offered at a price of Rs. [●] per Rights Equity Share (including a premium of Rs. [●] per Rights Equity Share) in this Issue.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Managers and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see "- *Procedure for Renunciation of Rights Entitlements*" on page 413.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "**STFC Rights Entitlement Suspense Escrow Demat Account**" and "**STFC Rights Allotment Demat Suspense Account**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrars on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrars not later than two Working Days prior to the Issue Closing Date, *i.e.*, by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrars account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrars after keying in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is [●] Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see "- *Procedure for Renunciation of Rights Entitlements – On Market Renunciation*" and "- *Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*" on pages 413 and 414, respectively.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

Rs. [●] per Rights Equity Share (including premium of Rs. [●] per Rights Equity Share) shall be payable on application.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of [●] additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share and will also be given a preferential consideration for the Allotment of [●] additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid up, rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●].

Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 511218) and NSE (Scrip Code: SRTRANSFIN) under the ISIN: INE721A01013. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL. The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable.

Accordingly, any change in the regulatory regime would affect the listing and trading schedule. In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "*Capital Structure – Subscription to this Issue by our Promoter and Promoter Group*" on page 60.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

i. The right to receive dividend, if declared;
ii. The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat
iii. suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
iv. The right to receive surplus on liquidation;
v. The right to free transferability of Rights Equity Shares;
vi. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under "*- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on page 427; and
vii. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. This Letter of Offer will be provided, only through email, by the Registrars on behalf of our Company and the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Tamil language daily newspaper with wide circulation (Tamil being the regional language of Chennai, where our Registered Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, our Company will make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrars, *i.e.,* (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram; and (ii) Integrated Registry Management Services Private Limited at https://www.integratedindia.in/rights.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.,* from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please note that only resident Investors can submit an Application using the OAP facility.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrars and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at https://rights.kfintech.com/shriram or https://www.integratedindia.in/rights .

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, OAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the OAP.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 418.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrars shall not take any responsibility for acts, mistakes, errors, omissions and commissions *etc*. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

Please note that neither our Company nor the Registrars nor the Lead Managers shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrars or our Company, Eligible Equity Shareholders should visit https://rights.kfintech.com/shriram and https://www.integratedindia.in/rights. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

i. our Company at www.stfc.in;
ii. the Registrars, i.e., (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram; and (ii) Integrated Registry Management Services Private Limited at https://www.integratedindia.in/rights;
iii. the Global Co-ordinators and Lead Managers, i.e., (i) ICICI Securities Limited at www.icicisecurities.com; (ii) BNP Paribas at www.bnpparibas.co.in; (iii) Citigroup Global Markets India Private Limited at www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm; (iv) Credit Suisse Securities (India) Private Limited at www.credit-suisse.com ; (v) HSBC Securities and Capital Markets (India) Private Limited at https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback; and J.P. Morgan India Private Limited at www.jpmipl.com;
iv. the Joint Lead Managers, i.e., (i) Axis Capital Limited at www.axiscapital.co.in; and (ii) SBI Capital Markets Limited at www.sbicaps.com
v. the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
vi. the OAP facility at https://rights.kfintech.com/shriram.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrars (*i.e.*, (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.stfc.in).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on OAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through OAP, which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through OAP mechanism.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and OAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see "- *Grounds for Technical Rejection*" on page 422. Our Company, the Lead Managers, the Registrars and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "- *Application on Plain Paper under ASBA process"* on page 414.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

i. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
ii. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
iii. apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
iv. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
v. renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 418 and 427, respectively.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Procedure for Application through OAP facility

Resident Investors, making an Application through OAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI

facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrars and the Lead Managers shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. OAP facility will be operational from the Issue Opening Date. For risks associated with the OAP process, see "*Risk Factors - The OAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways*" on page 39.

Set out below is the procedure followed using the OAP facility:

i. Resident Investors should visit https://rights.kfintech.com/shriram (accessible at OAP) and fill the online Application Form available on OAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
ii. Non-resident Investors are not eligible to apply in this Issue through OAP.
iii. The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
iv. The Investors who are Renouncees should select the category of 'Renouncee' at the application page of OAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
v. Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that OAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020.
vi. The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
vii. Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
viii. The Application Money collected through Applications made on the OAP will be credited to the Escrow Account, opened by our Company with the Banker(s) to the Issue.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on OAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the OAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using OAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 414.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "- *Basis of Allotment*" on page 428.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrars and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the OAP facility.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is [●] Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH OAP FACILITY.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Shriram Transport Finance Company Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;

8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of Rs. [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. An approval obtained from the RBI, as required under our Articles of Association, where a successful Application will result in the aggregate shareholding or total voting rights of the Eligible Equity Shareholder (along with persons acting in concert) in our Company, to be 5% or more of the post-Issue paid-up share capital of our Company. Eligible Equity Shareholders must send a copy of the approval from any regulatory authority, as may be required, or obtained from the RBI to the Registrars at https://rights.kfintech.com/shriram; and
17. Additionally, all such Applicants are deemed to have accepted the following:

"Purchaser Representations and Transfer Restrictions

Any person who acquires Rights Entitlements and / or Rights Equity Shares, by its acceptance of this Letter of Offer / Abridged Letter of Offer or of the Rights Entitlements or Rights Equity Shares, will be deemed to have declared, represented, warranted and agreed with our Company and the Lead Managers as follows:

- *It will comply with all laws, regulations and restrictions (including the transfer restrictions contained herein) which may be applicable in your jurisdiction and it has obtained or will obtain any consent, approval or authorization required for it to purchase and accept delivery of Rights Entitlements and / or Equity Shares, and it acknowledges and agrees that none of us or the Lead Managers and their respective affiliates shall have any responsibility in this regard;*

- *It certifies that it is, or at the time the Rights Entitlements and / or Rights Equity Shares are purchased will be, (a) the beneficial owner of such Rights Entitlements and / or Rights Equity Shares, it is located outside the United States of America (within the meaning of Regulation S), and it has not purchased the Rights Entitlements and / or Rights Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of Rights Entitlements and / or Rights Equity Shares or an economic interest therein to any person in the United States; or (b) it is a broker-dealer acting on behalf of a customer and its customer has confirmed to it that (i) such customer is, or at the time the Rights Entitlements and / or Rights Equity Shares are purchased will be, the beneficial owner of such Rights Entitlements and / or Rights Equity Shares, (ii) such customer is located outside the United States of America (within the meaning of Regulation S), and (iii) such customer has not purchased the Rights Entitlements and / or Rights Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Rights Entitlements and / or Rights Equity Shares or an economic interest therein to any person in the United States;*

- *It understands and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer understands and agrees) that the Rights Entitlements and / or Rights Equity Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act, have not been and will not be registered under the Securities Act or any state securities laws in the United States; if, in the future, it decides to offer, resell, renounce, pledge or otherwise transfer such Rights Entitlements and / or Rights Equity Shares, or any economic interest therein, such Rights Entitlements and / or Rights Equity Shares or any economic interest therein may be offered, sold, renounced, pledged or otherwise transferred only (A) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; and (B) in accordance with all applicable laws, including the securities laws of the States of the United*

States and any other jurisdiction in which such offers or sales are made;

- *It is not an affiliate of our Company or a person acting on behalf of an affiliate;*

- *It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, are purchasing the Equity Shares as a result of any or directed selling efforts (as defined in Regulation S under the Securities Act);*

- *It will base its investment decision on a copy of the Letter of Offer and the Abridged Letter of Offer. It acknowledges that neither the Company nor any of its affiliates nor any other person (including the Lead Manager) or any of their respective affiliates has made or will make any representations, express or implied, to it with respect to the Company, the Issue, the Rights Entitlements and / or Rights Equity Shares, the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Issue or the Rights Entitlements and / or Rights Equity Shares, other than (in the case of the Company only) the information contained in the Letter of Offer and the Abridged Letter of Offer, as it may be supplemented;*

- *It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Rights Entitlements and / or Rights Equity Shares. It is experienced in investing in private placement transactions of securities of companies in similar jurisdictions. It and any accounts for it is subscribing to the Rights Entitlements and / or Rights Equity Shares for (i) are each able to bear the economic risk of the investment in the Rights Entitlements and / or Rights Equity Shares, (ii) will not look to the Company or the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Rights Equity Shares, (iv) have no need for liquidity with respect to the investment in the Rights Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Rights Entitlements and / or Rights Equity Shares. It acknowledges that an investment in the Rights Entitlements and / or Rights Equity Shares involves a high degree of risk and that the Rights Entitlements and / or Rights Equity Shares are, therefore, a speculative investment. It is seeking to subscribe to the Rights Entitlements and / or Rights Equity Shares in this Issue for its own investment and not with a view to distribution.*

- *It will notify any transferee to whom it subsequently offers, sells, renounces, pledges or otherwise transfers and the executing broker and any other agent involved in any resale of the Rights Entitlements and / or Rights Equity Shares of the foregoing restrictions applicable to the Rights Entitlements and / or Rights Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.*

- *It acknowledges that our Company will not recognize any offer, sale, renunciation, pledge or other transfer of such Rights Entitlements and / or Rights Equity Shares made other than in compliance with the above-stated restrictions; and*

It acknowledges that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its acquisition of Rights Entitlements and the Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Rights Entitlements and / or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account."

- In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrars not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrars at OAP.

Our Company, the Lead Managers and the Registrars shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrars to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

For details of mode of payment in case of Application through OAP, see "- *Procedure for Application through OAP*" on page 411.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 418 and 427, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrars or our Company, Eligible Equity Shareholders should visit https://rights.kfintech.com/shriram or https://www.integratedindia.in/rights.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrars containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrars no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID 19;

(b) The Registrars shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The Eligible Equity Shareholders can access the Application Form from:

   i. the Registrars (*i.e*., (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram; and (ii) Integrated Registry Management Services Private Limited at https://www.integratedindia.in/rights;

   ii. the Global Co-ordinators and Lead Managers, *i.e.*, (i) ICICI Securities Limited at www.icicisecurities.com; (ii) BNP Paribas at www.bnpparibas.co.in; (iii) Citigroup Global Markets India Private Limited at www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm; (iv) Credit Suisse Securities (India) Private Limited at www.credit-suisse.com; (v) HSBC Securities and Capital Markets (India) Private Limited at https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback; and J.P. Morgan India Private Limited at www.jpmipl.com;

   iii. the Joint Lead Managers, *i.e.*, (i) Axis Capital Limited at www.axiscapital.co.in; and (ii) SBI Capital Markets Limited at www.sbicaps.com

   iv. the Stock Exchanges at www.bseindia.com and www.nseindia.com; and

   v. the Registrar's web-based application platform at https://rights.kfintech.com/shriram.

   Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrars (i.e., (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.stfc.in);

(d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on OAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Further, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, **may also apply** in this Issue during the Issue Period by filling the online Application Form available on OAP and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

i. apply for its Rights Equity Shares to the full extent of its Rights Entitlements;

ii. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and

iii. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRARS OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on page 427.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 426.

General instructions for Investors

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 418 and 427, respectively.

(c) Please read the instructions on the Application Form sent to you.

(d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.

(e) Application should be made only through the ASBA facility or using OAP.

(f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 414.

(h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, OAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the OAP.

(i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(j) In case of Application through OAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.

(k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the OAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian

Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the OAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(l) Applications should not be submitted to the Bankers to the Issue (assuming that such Banker(s) to the Issue is not an SCSB), our Company or the Registrars or the Lead Managers.

(m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors**.

(o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the OAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrars prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrars in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(s) Only persons outside the United States (other than a limited number of "qualified institutional buyers," as defined in Rule 144A of the Securities Act, located in the United States, the offers and sales to whom the Lead Managers are not participating or involved in) located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions are eligible to purchase Rights Equity Shares.

(t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(v) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(w) Applicants must submit a copy of the approval obtained from any regulatory authority, as may be required, or obtained from the RBI with the Application and send a copy of such approval to the Registrars at https://rights.kfintech.com/shriram, in case the Application and the resultant Rights Equity Shares will result in the aggregate shareholding or total voting rights of the Applicant (along with persons acting in concert) in our Company, to be in excess of 5% of the post-Issue paid-up share capital of our Company.

(x) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

(a) Ensure that the Application Form and necessary details are filled in.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrars will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through OAP facility:

(a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

(b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the OAP.

(c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment

(d) Ensure that you receive a confirmation email on successful transfer of funds.
(e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
(f) Ensure that you receive an acknowledgement from the OAP for your submission of the Application.

Don't for Investors applying through ASBA:

(a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
(b) Do not send your physical Application to the Lead Managers, the Registrar, the Banker(s) to the Issue (assuming that such Banker(s) to the Issue is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
(c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through OAP facility:

(a) Do not apply from bank account of third parties.
(b) Do not apply if you are a non-resident Investor.
(c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
(b) Sending an Application to the Lead Managers, Registrar, Banker(s) to the Issue (assuming that such Banker(s) to the Issue is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
(c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
(d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
(e) Account holder not signing the Application or declaration mentioned therein.
(f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
(g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
(h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
(i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
(j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
(k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
(l) Physical Application Forms not duly signed by the sole or joint Investors.
(m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
(n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
(o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than a limited number of "qualified institutional buyers," as defined in Rule 144A of the Securities Act, located in the United States, the offers and sales to whom the Lead Managers are not participating or involved in) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity

Shares under applicable securities laws, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(p) Applications which have evidence of being executed or made in contravention of applicable securities laws. Applications under the OAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):
   i. Applications by non-resident Investors.
   ii. Payment from third party bank accounts.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE OAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrars will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrars or Demographic Details received from the Depositories. The Registrars will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrars or Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms s are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through OAP. The Registrars will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through OAP.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through OAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Managers.

   Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions (other than the United States and India) where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. This Letter of Offer will be provided, only through email, by the Registrars on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made in respect the same REs using same demat account, such Applications shall be liable to be rejected. However additional applications in relation to additional Rights Equity Shares with/without using additional REs will not be treated as multiple application. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such

Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- ***Procedure for Applications by Mutual Funds***" below. Cases where Investor submits Application Forms along with plain paper or multiple plain paper Applications for same REs shall be treated as multiple applications

In cases where multiple Application Forms are submitted, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in "***Capital Structure - Subscription to this Issue by our Promoter and Promoter Group***" on page 60.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the OAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "- *Basis of Allotment*" on page 428.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the OAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to https://rights.kfintech.com/shriram in case of Application through OAP facility. However, no Investor, whether applying through ASBA facility or OAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION*	[●]
ISSUE CLOSING DATE#	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

* *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

\# *Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrars not later than two Working Days prior to the Issue Closing Date, *i.e.*, [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see "*General Information - Issue Schedule*" on page 56.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrars shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

i. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
ii. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
iii. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through OAP, instruction will be sent to Banker(s) to the Issue with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker(s) to the Issue to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through OAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity

Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through OAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner.

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

(a) the Registrars shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
(b) within 6 (six) months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrars containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
(c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
(d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, *etc*. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders;
(e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrars shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;
(f) After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and
(g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

(h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. **The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrars shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, *etc.*, in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through OAP, shall be through modes under (b) to (g) below.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the

Investors have registered their nine digit MICR number and their bank account number with the Registrars to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through OAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRARS AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated April 30, 1999 with NSDL and an agreement dated March 29, 2000 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrars but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrars or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in "*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "*- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form*" on pages 418 and 427, respectively.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the

Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

i. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
ii. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue.

Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using OAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paidup equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants.

The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

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

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the OAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the OAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. All monies received out of this Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
3. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrars by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the OAP process.
7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, including devolvement to the Underwrites, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Our Promoter and SFVCPL, a member of our Promoter Group, have by way of their joint letter dated June 30, 2020 undertaken to mandatorily subscribe to the full extent of their respective Rights Entitlement in the Issue, except to the extent of renunciation within our Promoter and members of the Promoter Group. Further, in addition to subscription to their respective Rights Entitlement, each of our Promoter and SFVCPL, along with any other members of the Promoter Group, have reserved the right to subscribe to additional Rights Equity Shares, including for any Rights Entitlements renounced in their favour or in favour of any entities controlled by them.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter

or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "**Shriram Transport Finance Company Limited – Rights Issue**" on the envelope and postmarked in India or in the email) to the Registrars at the following address:

Kfin Technologies Private Limited ***(formerly known as "Karvy Fintech Private Limited")*** Plot No 31 and 32, Tower B, Selenium Gachibowli, Hyderabad 500 032 **Tel**: +91 40 6716 2222 **E-mail**: stfc.rights@kfintech.com **Investor grievance e-mail**: einward.ris@kfintech.com **Website**: www.kfintech.com **Contact Person**: M Murali Krishna **SEBI Registration No.:** INR000000221	**Integrated Registry Management Services Private Limited** 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017 **Tel:** +91 44 2814 0801, +91 44 2814 0802 and +91 44 2814 0803 **Fax:**+91 44 2814 2479 **Email**: stfcrights@integratedindia.in **Investor Grievance Email**: sureshbabu@integratedindia.in **Website**: www.integratedindia.in **Contact Person**: Ms. Anusha N / Mr. K Balasubramanian **SEBI Registration No:** INR000000544

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrars (*i.e*, (i) Kfin Technologies Private Limited at https://rights.kfintech.com/shriram; and (ii) Integrated Registry Management Services Private Limited at https://www.integratedindia.in/rights). Further, helpline numbers provided by the Registrars for guidance on the Application process and resolution of difficulties are 1800 345 4001 / +91 40 6716 2222.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

SECTION IX – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or are to be entered into by our Company.

Copies of the contracts and documents mentioned in para (A) and (B) below would be available on the website of the Company at www.stfc.in from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts

1. Issue agreement dated [●], between our Company and the Lead Managers.

2. Bankers to the Issue agreement dated [●], amongst our Company, the Lead Managers, the Registrars to the Issue and the Bankers to the Issue.

3. Monitoring Agency agreement dated [●], between our Company and the Monitoring Agency.

4. Registrar agreement dated [●], between our Company and the Registrars to the Issue.

5. Underwriting Agreement dated [●], between our Company and the Underwriters.

B. Material Documents

1. Certificate of incorporation of our Company dated June 30, 1979 and the certificate of commencement of business dated October 9, 1979.

2. Certified copies of the Memorandum of Association and Articles of Association of our Company.

3. Consents of our Directors, Compliance Officer and Company Secretary, Joint Statutory Auditors, the Lead Managers, Underwriters, Bankers to the Issue, Legal Counsel to our Company as to Indian Law, Legal Counsel to the Lead Managers as to Indian Law, Legal Counsel to the Lead Managers as to International Law, the Registrars to the Issue and the Monitoring Agency for inclusion of their names in this Letter of Offer to act in their respective capacities.

4. Copies of the annual reports of our Company for Fiscal 2019, Fiscal 2018, Fiscal 2017, Fiscal 2016 and Fiscal 2015.

5. Copy of the shelf prospectus dated June 9, 2019.

6. In-principle approvals each dated [●], issued by BSE and NSE, respectively, under Regulation 28(1) of the SEBI Listing Regulations.

7. Resolution of our Board dated June 15, 2020 in relation to the Issue and other related matters.

8. Resolutions of our Securities Issuance Committee dated [●] in relation to matters related to the Issue.

9. Statement of tax benefits dated [●], by Joint Statutory Auditors.

10. The report of the Joint Statutory Auditors dated [●], in relation to our Financial Statements.

11. Tripartite agreement dated March 29, 2000 between our Company, Integrated Enterprises (India) Private Limited and CDSL.

12. Tripartite agreement dated April 30, 1999 between our Company, Integrated Enterprises (India) Private Limited and NSDL.

13. Due diligence certificate dated [●], addressed to SEBI from the Lead Managers.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Lakshminarayanan Subramanian
Chairman, Non-Executive and Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Umesh Govind Revankar
Managing Director and Chief Executive Officer

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Puneet Bhatia
Non-Executive, Non-Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Kishori Udeshi
Non-Executive, Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sridhar Srinivasan
Non-Executive, Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Ravi Devaki Venkataraman
Non-Executive, Non-Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Pradeep Kumar Panja
Non-Executive, Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Ignatius Michael Viljoen
Non-Executive, Non-Independent Director

Date: [●]

Place: **[●]**

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

____

Parag Sharma

Date: [●]

Place: **[●]**