

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

CIN: L65191TN1979PLC007874

Regd. Office: 14A, South Phase, Industrial Estate, Guindy, Chennai – 600 032, Tamil Nadu.

Tel. No: +91 44 4852 4666, Fax: +91 44 4852 5666. Website-www.stfc.in, email-secretarial@stfc.in

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(Rs. in crores)

Sr. No.	Particulars	Quarter Ended			Nine months ended		Year Ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
	Revenue from operations						
(i)	Interest Income	4,381.45	4,246.74	4,115.37	12,730.77	12,175.28	16,267.46
(ii)	Dividend Income	-	-	-	-	0.19	0.19
(iii)	Rental Income	0.06	0.06	0.05	0.17	0.16	0.22
(iv)	Fees and commission Income	33.95	23.76	80.83	74.91	150.09	194.97
(v)	Net gain on fair value changes	0.02	3.36	0.15	2.85	-	-
(vi)	Net gain on derecognition of financial instruments under amortised cost category	-	52.97	-	52.97	-	-
(vii)	Others	22.89	20.86	22.47	64.83	68.22	99.52
(I)	Total Revenue from operations	4,438.37	4,347.75	4,218.87	12,926.50	12,393.94	16,562.36
(II)	Other Income	4.75	3.51	3.33	12.05	15.65	20.27
(III)	Total Income (I+II)	4,443.12	4,351.26	4,222.20	12,938.55	12,409.59	16,582.63
	Expenses						
(i)	Finance Costs	2,236.26	2,262.93	2,051.24	6,766.41	6,111.41	8,270.26
(ii)	Fees and commission expense	19.46	30.06	15.79	60.48	50.48	56.88
(iii)	Net loss on fair value changes	-	-	-	-	0.19	6.75
(iv)	Impairment on financial instruments (Refer note 4,5 and 6)	674.71	655.46	444.39	2,394.76	1,666.22	2,794.88
(v)	Employee Benefits Expenses	229.65	239.06	254.95	657.95	738.55	1,010.82
(vi)	Depreciation, amortization and impairment	36.84	32.04	36.30	104.88	105.34	141.05
(vii)	Others expenses	257.20	211.29	233.21	614.07	642.63	863.32
(IV)	Total Expenses	3,454.12	3,430.84	3,035.88	10,598.55	9,314.82	13,143.96
(V)	Profit before exceptional items and tax (III - IV)	989.00	920.42	1,186.32	2,340.00	3,094.77	3,438.67
(VI)	Exceptional items	-	-	-	-	-	-
(VII)	Profit before tax (V + VI)	989.00	920.42	1,186.32	2,340.00	3,094.77	3,438.67
(VIII)	Tax Expense:						
(1)	Current Tax	263.70	226.77	293.97	619.36	757.06	921.20
(2)	Deferred Tax	(2.42)	9.09	13.19	(11.70)	59.25	14.79
(3)	Tax adjustment for earlier years	-	-	-	-	-	0.84
(IX)	Profit for the period (VII -VIII)	727.72	684.56	879.16	1,732.34	2,278.46	2,501.84
(X)	Share of Profit/(loss) of associate	6.25	4.36	3.03	9.80	9.46	10.43
(XI)	Minority interest	-	-	-	-	-	-
(XII)	Net Profit after taxes, minority interest and share of profit/(loss) of associate (IX+X+XI)	733.97	688.92	882.19	1,742.14	2,287.92	2,512.27
(XIII)	Other Comprehensive Income						
(A) (i)	Items that will not be reclassified to profit or loss						
	Remeasurement gain/(loss) on defined benefit plan	(0.05)	0.46	0.73	(0.69)	(5.19)	(6.33)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	0.01	(0.12)	(0.18)	0.17	1.31	1.59
(iii)	Share in Other Comprehensive Income of Associate (net of tax)	(0.02)	0.08	-	0.02	(0.04)	0.25
	Subtotal (A)	(0.06)	0.42	0.55	(0.50)	(3.92)	(4.49)
(B) (i)	Items that will be reclassified to profit or loss						
	Cash flow hedge reserve (Refer note 8)	79.42	27.62	-	(147.71)	-	-
(ii)	Income tax relating to items that will be reclassified to profit or loss	(19.98)	(6.96)	-	37.18	-	-
	Subtotal (B)	59.44	20.66	-	(110.53)	-	-
	Other Comprehensive Income (A+B)	59.38	21.08	0.55	(111.03)	(3.92)	(4.49)
(XIV)	Total Comprehensive Income for the period (XII+XIII)	793.35	710.00	882.74	1,631.11	2,284.00	2,507.78
(XV)	Paid-up equity share capital (face value Rs. 10/- per share)	253.06	253.06	226.88	253.06	226.88	226.88
(XVI)	Other Equity						17,915.43
(XVII)	Earnings per equity share (Not annualised for the interim periods)						
	Basic (Rs.) (Refer note 3)	29.80	27.97	37.89	70.72	98.26	107.89
	Diluted (Rs.) (Refer note 3)	29.80	27.97	37.89	70.72	98.26	107.89

Notes:

- 1 The above results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on January 28, 2021.
- 2 The consolidated financial results for the quarter ended December 31, 2020 have been subjected to limited review by the Joint Statutory Auditors.
- 3 Pursuant to Ind AS 33, basic and diluted earnings per share for the previous periods other than the quarter ended September 30, 2020, have been restated for the bonus element in respect of Right Issue made during the quarter ended September 30, 2020.
- 4 The Company had granted moratorium upto six months on the payment of installments falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers based on the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and May 23, 2020 relating to 'COVID-19 - Regulatory Package' and RBI guidelines on EMI moratorium dated April 17, 2020. Further, period for which moratorium was granted had not been considered for computing days past due (DPD) as on December 31, 2020. Extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory package of the RBI and DPD freeze for such period by itself is not considered to result in significant increase in credit risk as per Ind AS 109 for staging of accounts. The Company continued to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The COVID -19 pandemic has significantly affected various sectors of Indian economy. The prolonged lockdown imposed by the government due to Covid-19 pandemic has affected the Company's business operations. The Company has considered an additional Expected Credit Loss (ECL) provision on Loans of Rs. 224.82 crores and Rs. 1,597.62 crores on account of COVID - 19 during the quarter and nine months ended December 31, 2020 respectively. As at December 31, 2020, additional ECL provision on Loan Assets as management overlay on account of COVID - 19 stood at Rs. 2,507.26 crores. The additional ECL provision on account of COVID - 19 is based on the Company's historical experience, collection efficiencies post completion of Moratorium period, scheme by Government of India, internal assessment and other emerging forward looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.
- 5 Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr). vide an interim order dated September 3, 2020, has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. However, such accounts have been classified as stage 3 in accordance with Note No. 4 and provisioned accordingly.
- 6 During the quarter ended December 31, 2020, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020. While the resolution plans have been invoked, the implementation is expected to be carried out within the timeframe permitted by RBI's guidelines. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board Approved Policy in this regard. The eligible borrowers where the resolution plans have been invoked but not yet implemented, are classified in accordance with the Company's existing provisioning policy and the allowance for expected credit loss is made accordingly.
- 7 During the quarter, the Company has credited an ex-gratia amount of Rs. 231.28 crores for the payment of difference between the compound interest and simple interest to the accounts of borrowers in specified loan accounts between March 1, 2020 and August 31, 2020 as per the eligibility criteria and other features as mentioned in the notification dated October 23, 2020 issued by Government of India, Ministry of Finance, Department of Financial Services. The Company has filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification.
- 8 The Company manages its foreign currency risks through foreign exchange forward contracts and interest rate swaps. Till March 31, 2020, the Company was following derivative accounting where changes in fair value were recognised in the statement of profit and loss. Effective April 01, 2020, the Company has adopted hedge accounting. Had the Company not followed hedge accounting, profit before tax for the quarter and nine months period ended December 31, 2020 would have been higher by Rs. 79.42 crores and lower by Rs. 147.71 crores respectively and other comprehensive income for the quarter and nine months period ended December 31, 2020 would have been lower by Rs. 79.42 crores and higher by Rs. 147.71 crores respectively.
- 9 On January 13, 2021, the Company issued and allotted USD 500,000,000 4.40% Senior Secured Notes due 2024 in offshore market (Social Bonds) for sum of USD 499,950,000 equivalent to Rs. 3,669.00 crores under USD 3 Billion GMTN Programme. The said Social Bonds were listed on Singapore Stock Exchange (SGX-ST) on January 14, 2021. The proceeds of the issue of the Social Bonds are being utilised as per the Company's Social Finance Framework, for onward lending and other activities as permitted by the RBI Master Direction - External Commercial Borrowings, Trade Credits, and Structured Obligations.
- 10 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.
- 11 The Company's secured non-convertible debentures are secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and mortgage of immovable property and with a cover of 100% and above as per the terms of issue.
- 12 The Board of Directors in their meeting held on October 29, 2020 declared interim dividend of 60% (Rs. 6/- per equity share of nominal face value of Rs. 10/- each fully paid up) for the financial year 2020-21, amounting to Rs. 151,83,69,078 (gross) subject to deduction of tax at source as per the applicable rate(s) to the eligible shareholders. The record date for payment of interim dividend was November 10, 2020 and the payment was done on November 26, 2020.
- 13 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.
- 14 The figures for the previous quarter/year have been regrouped / rearranged wherever necessary to conform to the current period presentation.

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

**Umesh Revankar
Managing Director & CEO
DIN: 00141189**

Place : Mumbai
Date : January 28, 2021