

**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

CIN: L65191TN1979PLC007874

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**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2020**

(Rs. in crores)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2020 (Unaudited)	30.06.2020 (Unaudited)	30.09.2019 (Unaudited)	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)	31.03.2020 (Audited)
	<b>Revenue from operations</b>						
(i)	Interest Income	4,299.71	4,102.58	4,087.85	8,402.29	8,059.91	16,267.46
(ii)	Dividend Income	-	-	0.19	-	0.19	0.19
(iii)	Rental Income	0.06	0.05	0.06	0.11	0.11	0.22
(iv)	Fees and commission Income	23.76	17.20	42.51	40.96	69.26	194.97
(v)	Net gain on fair value changes	3.36	-	-	2.83	-	-
(vi)	Others	20.86	21.08	22.87	41.94	45.75	99.52
<b>(I)</b>	<b>Total Revenue from operations</b>	<b>4,347.75</b>	<b>4,140.91</b>	<b>4,153.48</b>	<b>8,488.13</b>	<b>8,175.22</b>	<b>16,562.36</b>
<b>(II)</b>	<b>Other Income</b>	<b>3.51</b>	<b>3.79</b>	<b>3.44</b>	<b>7.30</b>	<b>12.32</b>	<b>20.27</b>
<b>(III)</b>	<b>Total Income (I+II)</b>	<b>4,351.26</b>	<b>4,144.70</b>	<b>4,156.92</b>	<b>8,495.43</b>	<b>8,187.54</b>	<b>16,582.63</b>
	<b>Expenses</b>						
(i)	Finance Costs	2,262.93	2,267.22	2,048.97	4,530.15	4,060.17	8,270.26
(ii)	Fees and commission expense	30.06	10.96	17.72	41.02	34.69	56.88
(iii)	Net loss on fair value changes	-	0.53	0.90	-	0.34	6.75
(iv)	Impairment on financial instruments (Refer note 7)	655.46	1,064.59	660.65	1,720.05	1,221.83	2,794.88
(v)	Employee Benefits Expenses	239.06	189.24	250.51	428.30	483.60	1,010.82
(vi)	Depreciation, amortization and impairment	32.04	36.00	35.60	68.04	69.04	141.05
(vii)	Others expenses	211.29	145.58	215.70	356.87	409.42	863.32
<b>(IV)</b>	<b>Total Expenses</b>	<b>3,430.84</b>	<b>3,714.12</b>	<b>3,230.05</b>	<b>7,144.43</b>	<b>6,279.09</b>	<b>13,143.96</b>
<b>(V)</b>	<b>Profit before exceptional items and tax (III - IV)</b>	<b>920.42</b>	<b>430.58</b>	<b>926.87</b>	<b>1,351.00</b>	<b>1,908.45</b>	<b>3,438.67</b>
<b>(VI)</b>	<b>Exceptional items</b>	-	-	-	-	-	-
<b>(VII)</b>	<b>Profit before tax (V + VI)</b>	<b>920.42</b>	<b>430.58</b>	<b>926.87</b>	<b>1,351.00</b>	<b>1,908.45</b>	<b>3,438.67</b>
<b>(VIII)</b>	<b>Tax Expense:</b>						
(1)	Current Tax	226.77	128.89	122.68	355.66	463.09	921.20
(2)	Deferred Tax	9.09	(18.37)	39.14	(9.28)	46.06	14.79
(3)	Tax adjustment for earlier years	-	-	-	-	-	0.84
<b>(IX)</b>	<b>Profit for the period (VII - VIII)</b>	<b>684.56</b>	<b>320.06</b>	<b>765.05</b>	<b>1,004.62</b>	<b>1,399.30</b>	<b>2,501.84</b>
(X)	Share of Profit/(loss) of associate	4.36	(0.81)	3.24	3.55	6.43	10.43
<b>(XI)</b>	<b>Minority interest</b>	-	-	-	-	-	-
<b>(XII)</b>	<b>Net Profit after taxes, minority interest and share of profit/(loss) of associate (IX+X+XI)</b>	<b>688.92</b>	<b>319.25</b>	<b>768.29</b>	<b>1,008.17</b>	<b>1,405.73</b>	<b>2,512.27</b>
<b>(XIII)</b>	<b>Other Comprehensive Income</b>						
(A) (i)	Items that will not be reclassified to profit or loss Remeasurement gain/(loss) on defined benefit plan	0.46	(1.10)	(1.30)	(0.64)	(5.92)	(6.33)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	(0.12)	0.28	(0.12)	0.16	1.49	1.59
(iii)	Share in Other Comprehensive Income of Associate (net of tax)	0.08	(0.04)	(0.07)	0.04	(0.04)	0.25
	<b>Subtotal (A)</b>	<b>0.42</b>	<b>(0.86)</b>	<b>(1.49)</b>	<b>(0.44)</b>	<b>(4.47)</b>	<b>(4.49)</b>
(B) (i)	Items that will be reclassified to profit or loss Cash flow hedge reserve (Refer note 10)	27.62	(254.75)	-	(227.13)	-	-
(ii)	Income tax relating to items that will be reclassified to profit or loss	(6.96)	64.12	-	57.16	-	-
	<b>Subtotal (B)</b>	<b>20.66</b>	<b>(190.63)</b>	<b>-</b>	<b>(169.97)</b>	<b>-</b>	<b>-</b>
	<b>Other Comprehensive Income (A+B)</b>	<b>21.08</b>	<b>(191.49)</b>	<b>(1.49)</b>	<b>(170.41)</b>	<b>(4.47)</b>	<b>(4.49)</b>
<b>(XIV)</b>	<b>Total Comprehensive Income for the period (XII+XIII)</b>	<b>710.00</b>	<b>127.76</b>	<b>766.80</b>	<b>837.76</b>	<b>1,401.26</b>	<b>2,507.78</b>
<b>(XV)</b>	<b>Paid-up equity share capital (face value Rs. 10/- per share)</b>	<b>253.06</b>	<b>226.88</b>	<b>226.88</b>	<b>253.06</b>	<b>226.88</b>	<b>226.88</b>
<b>(XVI)</b>	<b>Other Equity</b>						17,915.43
<b>(XVII)</b>	<b>Earnings per equity share (Not annualised for the interim periods)</b>						
	Basic (Rs.) (Refer note 6)	27.97	12.96	32.99	40.93	60.37	107.89
	Diluted (Rs.) (Refer note 6)	27.97	12.96	32.99	40.93	60.37	107.89

Notes:

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## STATEMENT OF ASSETS AND LIABILITIES

(Rs. in crores)

Sr. No.	Particulars	As at 30.09.2020 (Unaudited)	As at 31.03.2020 (Audited)
	<b>ASSETS</b>		
(1)	<b>Financial Assets</b>		
(a)	Cash and cash equivalents	2,925.08	3,088.99
(b)	Bank Balance other than (a) above	6,300.62	4,225.93
(c)	Derivative financial instruments	243.19	758.73
(d)	Receivables		
	(I) Trade Receivables	6.11	10.50
	(II) Other Receivables	81.02	5.64
(e)	Loans	1,04,339.45	1,02,231.63
(f)	Investments	3,117.01	2,935.63
(g)	Other Financial assets	37.84	38.70
(2)	<b>Non-financial Assets</b>		
(a)	Current tax assets (Net)	249.10	249.10
(b)	Deferred tax assets (Net)	129.11	62.50
(c)	Investment property	2.01	2.03
(d)	Property, Plant and Equipment	132.35	149.88
(e)	Right of use assets	302.83	334.29
(f)	Other Intangible assets	2.30	2.67
(g)	Other non-financial assets	195.54	169.57
	<b>Total Assets</b>	<b>1,18,063.56</b>	<b>1,14,265.79</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>LIABILITIES</b>		
(1)	<b>Financial Liabilities</b>		
(a)	Derivative financial instruments	-	-
(b)	Payables		
	(I) Trade Payables		
	(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	123.59	143.44
	(II) Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	0.28	-
	(ii) total outstanding dues of creditors other than microenterprises and small enterprises	0.57	1.13
(c)	Debt Securities	32,517.08	34,266.96
(d)	Borrowings (Other than Debt Securities)	45,779.69	42,474.60
(e)	Deposits	12,916.71	11,960.12
(f)	Subordinated Liabilities	4,687.11	5,670.07
(g)	Other financial liabilities	913.02	912.32
(h)	Lease Liabilities	340.51	362.81
(2)	<b>Non-Financial Liabilities</b>		
(a)	Current tax liabilities (Net)	152.54	102.02
(b)	Provisions	149.03	146.33
(c)	Other non-financial liabilities	30.34	83.28
(3)	<b>EQUITY</b>		
(a)	Equity Share capital	253.06	226.88
(b)	Other Equity	20,200.03	17,915.43
	<b>Total Liabilities and Equity</b>	<b>1,18,063.56</b>	<b>1,14,265.79</b>

Particulars	Half Year Ended	
	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)
<b>A. Cash flow from Operating activities</b>		
Profit before tax	1,351.00	1,908.45
Depreciation, amortisation and impairment	68.04	69.04
Interest on income tax refund	-	(5.67)
Loss on sale of investments	0.01	0.12
Loss/(profit) on sale of fixed assets (net)	0.40	0.16
Impairment on loans	1,727.29	1,225.38
Impairment on investments	(4.36)	0.06
Impairment on undrawn loan commitment	(2.52)	(3.13)
Impairment on other assets	(0.36)	(0.48)
Net (gain)/loss on fair value changes on investment	(2.83)	0.34
<b>Operating profit before working capital changes</b>	<b>3,136.67</b>	<b>3,194.27</b>
<b>Movements in Working capital:</b>		
Decrease/(increase) in loans	(3,835.11)	(5,165.26)
(Increase)/decrease in investments	(170.61)	1,241.17
Decrease/(increase) in receivables	(71.01)	13.81
Decrease/(increase) in bank deposits	(2,074.69)	(851.49)
Decrease/(increase) in other financial assets	1.22	2.49
Decrease/(increase) in other non-financial assets	(26.17)	(11.81)
Increase/(decrease) in payables	(20.25)	49.07
Increase/(decrease) in other financial liabilities	1.44	(204.50)
Increase/(decrease) in non-financial liabilities	(52.94)	(36.63)
Increase/(decrease) in other provision	4.58	10.31
<b>Cash generated from operations</b>	<b>(3,106.87)</b>	<b>(1,758.57)</b>
Direct taxes paid (net of refunds)	(305.14)	(738.07)
<b>Net cash flows from/(used in) operating activities (A)</b>	<b>(3,412.01)</b>	<b>(2,496.64)</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(8.49)	(25.43)
Proceeds from sale of property, plant and equipment and intangible assets	0.41	0.34
<b>Net cash flows from/(used in) investing activities (B)</b>	<b>(8.08)</b>	<b>(25.09)</b>
<b>C. Cash flow from Financing activities</b>		
Proceeds from issue of share capital (including share premium and net of share issue expenses)	1,473.02	-
Proceeds /(repayment) on settlement of derivative contracts	515.54	(211.04)
Amount received from deposits received (including ICDs)	2,363.16	2,444.70
Repayment of deposits	(1,386.26)	(1,315.37)
Amount received from debt securities	502.00	8,182.36
Repayment of debt securities	(2,415.16)	(11,287.01)
Repayment of subordinated debts	(1,003.26)	(104.74)
Amount received from borrowings other than debt securities	16,887.11	22,114.94
Repayment of borrowings other than debt securities	(13,645.87)	(17,355.92)
Payment of lease liabilities	(33.36)	(27.30)
Dividend paid	(0.74)	(158.91)
Tax on dividend	-	(32.65)
<b>Net cash flows from financing activities (C)</b>	<b>3,256.18</b>	<b>2,249.06</b>
Net increase in cash and cash equivalents (A+B+C)	(163.91)	(272.67)
Cash and cash equivalents at the beginning of the period	3,088.99	1,029.14
<b>Cash and cash equivalents at the end of the period</b>	<b>2,925.08</b>	<b>756.47</b>
<b>Net cash provided by (used in) operating activities includes</b>		
Interest received on loans	8,315.62	7,672.52
Interest paid	(3,997.03)	(3,857.05)
Dividend received	-	0.19

**Components of cash and cash equivalents**

(Rs. in crores)

Cash and cash equivalents at the end of the period	As at 30.09.2020 (Unaudited)	As at 30.09.2019 (Unaudited)
i) Cash on hand	56.09	69.27
ii) Cheques on hand	2.52	10.30
iii) Balances with banks (of the nature of cash and cash equivalents)	1,274.07	676.45
iv) Bank deposit with original maturity less than three months	1,592.40	0.45
<b>Total</b>	<b>2,925.08</b>	<b>756.47</b>

- 3 The above results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on October 29, 2020.
- 4 The consolidated financial results for the quarter ended September 30, 2020 have been subjected to limited review by the Joint Statutory Auditors.
- 5 On August 06, 2020, the Company allotted fully paid-up 261,78,777 Equity Shares of face value of Rs. 10/- each to the eligible equity shareholders at an issue price of Rs. 570/- per Equity Share (including premium of Rs. 560/- per Equity Share) in the Rights Issue, which opened on July 16, 2020 and closed on July 30, 2020. The entire proceeds of the Rights Issue have been utilised as per the objects stated in the offer document for the Rights issue. The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by Rs. 26.18 crores and securities premium reserve by Rs. 1,446.84 crores (net of share issue expenses of Rs. 19.17 crores).
- 6 Pursuant to Ind AS 33, basic and diluted earnings per share for the previous periods have been restated for the bonus element in respect of Rights Issue made during the quarter ended September 30, 2020.
- 7 The Company has 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 is granted has not been considered for computing days past due (DPD) as on September 30, 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 continues 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. 416.65 crores and Rs. 1,372.80 crores on account of COVID - 19 during the quarter and half year ended September 30, 2020 respectively. As at September 30, 2020, additional ECL provision on Loan Assets as management overlay on account of COVID - 19 stood at Rs 2,282.44 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.
- 8 Disclosures as required by RBI circular dated April 17, 2020 'COVID-19 Regulatory Package- Asset Classification and Provisioning' are given below:

(Rs. in crores)

Particulars	As of September 30, 2020
i. Amounts in SMA/overdue categories where moratorium/deferment was extended *	38,690.73
ii. Respective amount where asset classification benefit is extended **	5,325.08
iii. Provisions made during quarter in terms of paragraph 5 of the above circular ***	Nil
iv. Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular	Not applicable

\* Outstanding as on September 30, 2020 on account of all cases where moratorium benefit is extended by the Company up to August 31, 2020.

\*\* Outstanding on account of cases where the asset classification benefit is extended as on September 30, 2020 for cases which were entitled to a moratorium until August 31, 2020.

\*\*\* 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 10% provision of Rs. 3,869.07 crores as per the above circular.

- 9 The Company is in the process of ascertaining the ex-gratia amount for the payment of difference between the compound interest and simple interest to the 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 expects the said scheme will not have any impact on the statement of profit and loss of the Company as the ex-gratia amount will be reimbursed by the Government as per the notification.
- 10 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 half year ended September 30, 2020 would have been lower by Rs. 27.62 crores and Rs. 227.13 crores respectively.
- 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 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.
- 13 The Board of Directors have declared an interim dividend of 60 % (Rs. 6/- per equity share of face value of Rs.10/- each fully paid up) for the financial year 2020-21.
- 14 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. 7 and provisioned accordingly.
- 15 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.
- 16 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 : October 29, 2020