Shriram Transport Finance Company Limited

31st Annual Report

2009-10

FORWARD LOOKING STATEMENT

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

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

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

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Corporate Information

BOARD OF DIRECTORS

Chairman
Arun Duggal
(Non-Independent)

Managing Director
R. Sridhar

Directors
Maya Shanker Verma
(Independent)
Sumatiprasad M. Bafna
(Independent)
Mukund Manohar Chitale
(Independent)
Adit Jain
(Independent)
S. Lakshminarayanan
(Independent)
Puneet Bhatia
Ranvir Dewan
S. Venkatakrishnan

VICE PRESIDENT (CORPORATE AFFAIRS) & COMPANY SECRETARY

K. Prakash

AUDITORS

M/s. S. R. BATLIBOI & Co.
Chartered Accountants

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

SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited
2nd Floor, 'Kences Towers', No. 1,
Ramakrishna Street,
North Usman Road, T. Nagar,
Chennai - 600 017.
Tel: 044 2814 0801/02/03
Fax: 044 2814 2479

REGISTERED OFFICE

123, Angappa Naicken Street,
Chennai - 600 001, Tamil Nadu.
Tel: 044 2534 1431

HEAD OFFICE

Wockhardt Towers
West Wing, Level-3, C-2,
G-Block, Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051, Maharashtra.
Tel: 022 4095 9595
Fax: 022 4095 9597

LISTED AT

Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.
Madras Stock Exchange Ltd.

INSTITUTIONS

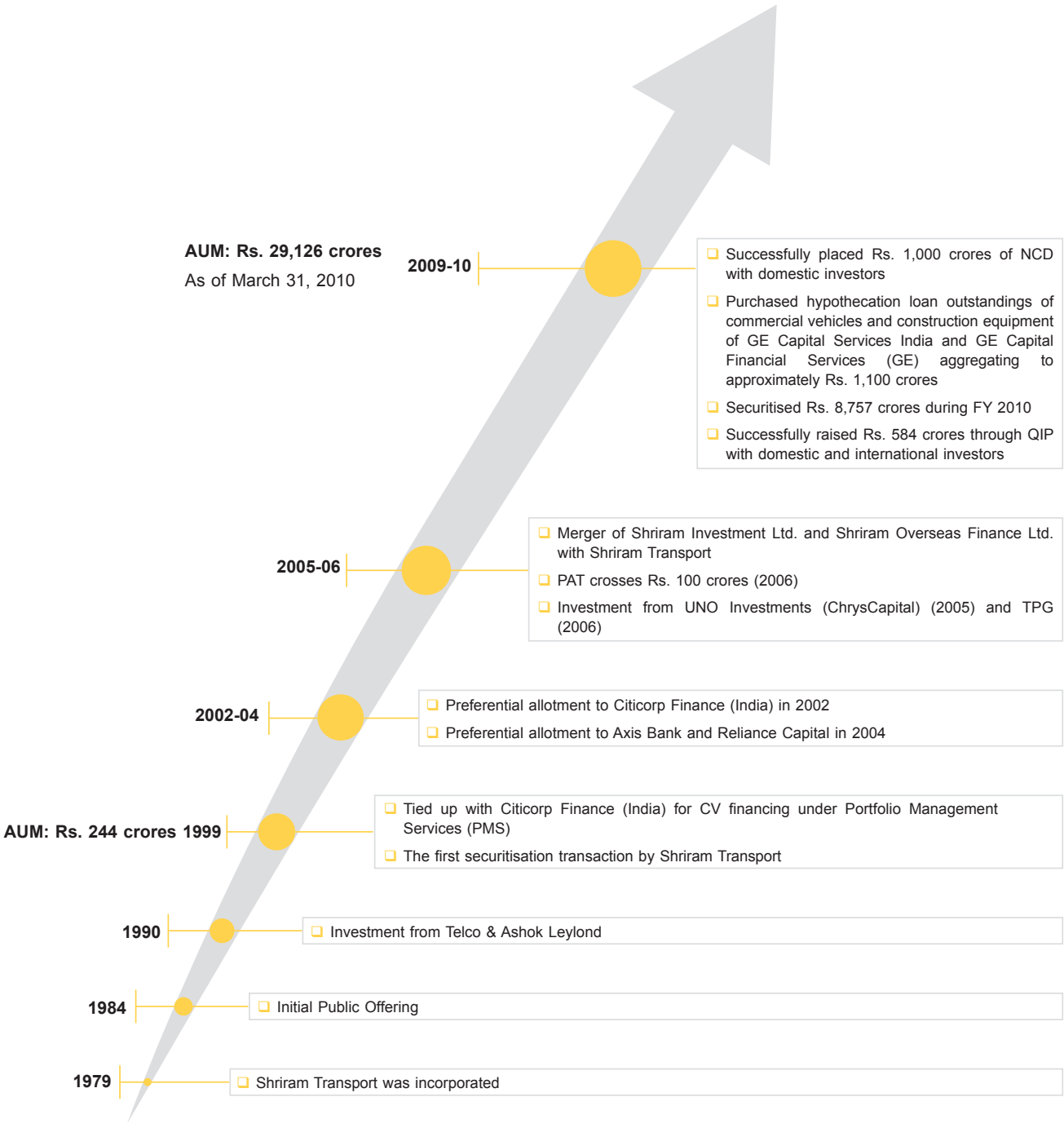
Kotak Mahindra Prime
L & T Finance
Life Insurance Corporation of India (LIC)
Small Industries Development Bank of India (SIDBI)

BANKERS

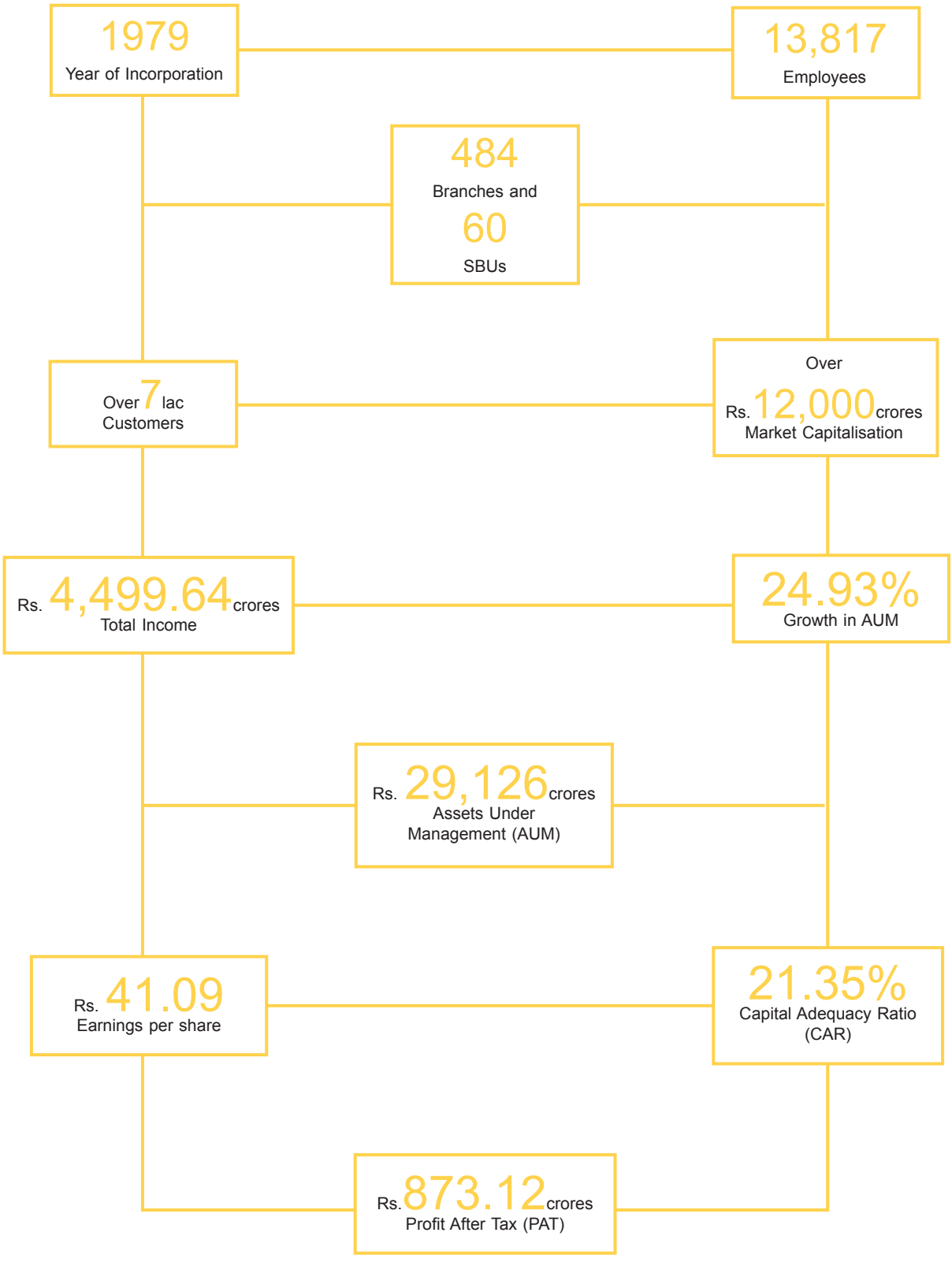
Abu Dhabi Commercial Bank
Allahabad Bank
Andhra Bank
Axis Bank
Bank of America N.A.
Bank of Bahrain & Kuwait B.S.C.
Bank of Baroda
Bank of Ceylon
Bank of India
Bank of Maharashtra
Bank of Tokyo - Mitsubishi UFJ
Calyon Bank
Canara Bank
Central Bank of India
Chinatrust Commercial Bank
Citibank N.A.
City Union Bank
Corporation Bank
DBS Bank
Dena Bank
Deutsche Bank AG
Development Credit Bank
HDFC Bank
ICICI Bank
IDBI Bank
Indian Bank
Indian Overseas Bank
IndusInd Bank
ING Vysya Bank
JPMorgan Chase Bank N.A.
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
Lakshmi Vilas Bank
Mizuho Corporate Bank
Oriental Bank of Commerce
Punjab & Sindh Bank
Punjab National Bank
Shinhan Bank
Societe Generale Corporate & Investment Banking
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mauritius
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
Tamilnad Mercantile Bank
The Bank of Rajasthan
The Dhanalakshmi Bank
The Federal Bank
The Hongkong and Shanghai Banking Corporation
The Ratnakar Bank
The Royal Bank of Scotland N.V.
The South Indian Bank
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank
Yes Bank

Corporate Profile

Shriram Transport Finance Company Limited (Shriram Transport) is India's largest asset financing Non Banking Financial Company (NBFC) with total Assets Under Management (AUM) amounting to Rs. 29,126 crores. A flagship company of the Chennai-based Shriram Group, Shriram Transport provides accessible and affordable Commercial Vehicle (CV) finance to more than 7 lac customers through 484 branches across India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) with a market capitalisation of over Rs. 12,000 crores.



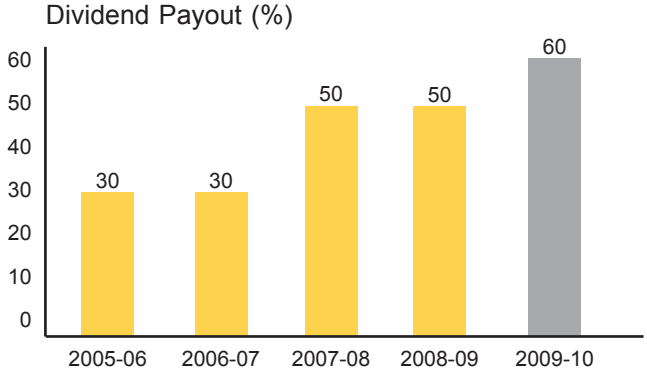
Our Numbers Tell Our Story

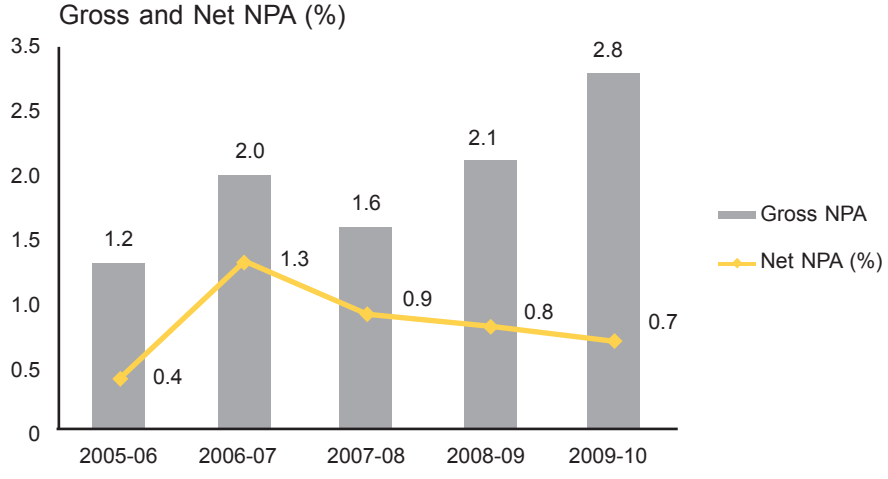


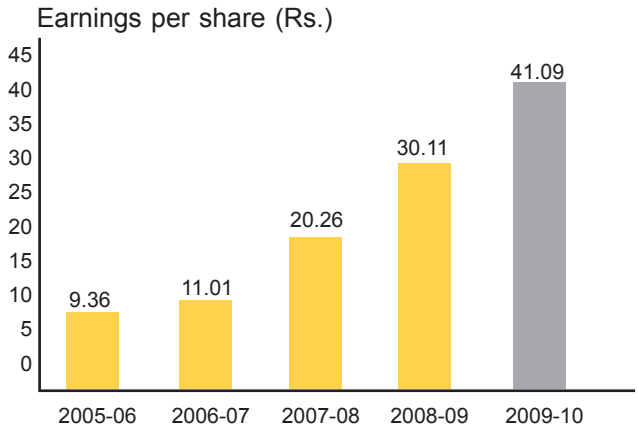
Performance Highlights

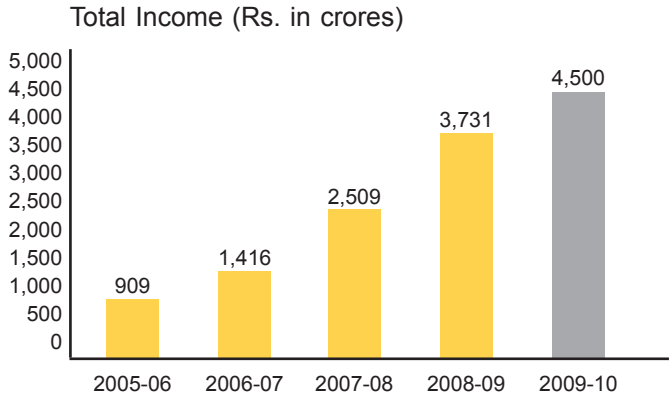
(Rs. in crores)

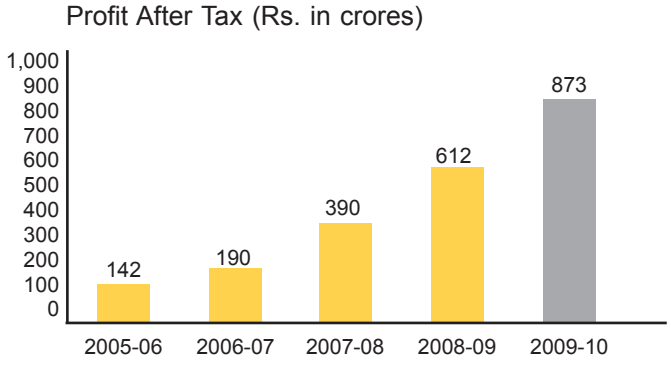
Particulars	2009-10	2008-09
Total Income	4,499.64	3,731.13
Profit Before Tax (PBT)	1,324.59	920.63
Profit After Tax (PAT)	873.12	612.40
Share Capital	225.54	203.54
Reserves and Surplus	3,609.22	2,067.57
Net Worth	3,805.30	2,316.64
Earnings per share (Rs.)	41.09	30.11
Net NPA (%)	0.7%	0.8%
Employees (Nos.)	13,817	12,196
Branches (Nos.)	484	479

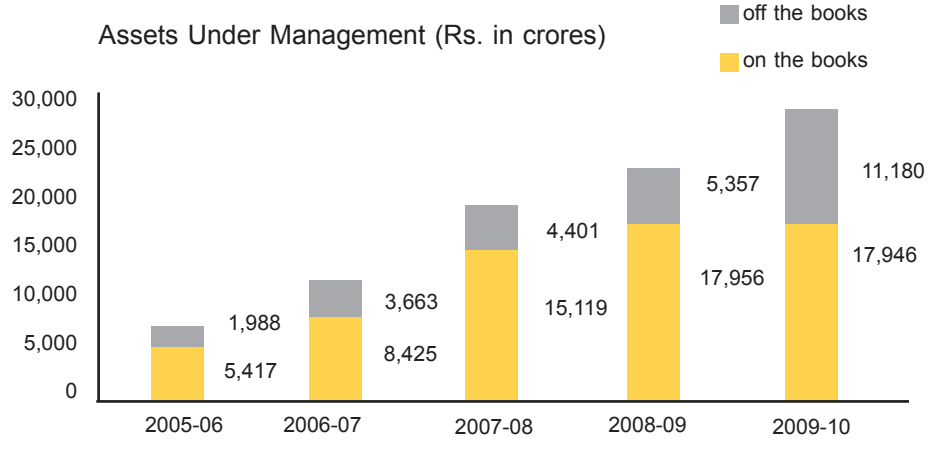





Earnings per share (Rs.)
45
40
35
30
25
20
15
10
5
0
9.36
11.01
20.26
30.11
41.09
2005-06
2006-07
2007-08
2008-09
2009-10


Total Income (Rs. in crores)
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
909
1,416
2,509
3,731
4,500
2005-06
2006-07
2007-08
2008-09
2009-10


Profit After Tax (Rs. in crores)
1,000
900
800
700
600
500
400
300
200
100
0
142
190
390
612
873
2005-06
2006-07
2007-08
2008-09
2009-10


Assets Under Management (Rs. in crores)
off the books
on the books
30,000
25,000
20,000
15,000
10,000
5,000
0
1,988
5,417
3,663
8,425
4,401
15,119
5,357
17,956
11,180
17,946
2005-06
2006-07
2007-08
2008-09
2009-10

Our Reach

Adilabad
Adoni
Agartala
Agra
Ahmedabad
Ahmednagar
Ajmer
Akola
Alappuzha
Aligarh
Allahabad
Alwar
Amalapuram
Ambikapur
Amravati
Amreli
Amritsar
Anakapalli
Anand
Ananthapur
Anchal
Angamaly
Angul
Arakonam
Arani
Aranthangi
Ariyalur
Asansol
Attur
Aurangabad
Azadpur
Bacheli
Bagalkot
Balaghat
Balasore
Bankura
Baramati
Barasat
Bardoli
Bareilly
Barmer
Baroda
Basavakalyan
Batlakundu
Beed
Begusarai
Behraich
Belgaum
Bellary
Bengaluru
Berhampur
Betul
Bhadrak
Bhagalpur
Bharatpur
Bharuch
Bhatinda
Bhavanipuram
Bhavnagar
Bhilai
Bhilwara
Bhimavaram
Bhiwandi
Bhopal
Bhubaneshwar
Bhuj
Bidar
Bijapur
Bijnore
Bikaner
Bilaspur
Birbhum
Bokaro
Bongaigaon
Bundi
Burdwan
Burhanpur
Calicut
Chamarajnagar
Chandannagar
Chandigarh
Chandikhol
Chandrapur
Channapatna
Channarayapatna
Chattarpur
Chengalpattu
Chennai
Chickballapur
Chidambaram
Chikkamangalore
Chikkodi
Chinchwad
Chindwara
Chiplun
Chitradurga
Chittore
Chittorgarh
Coimbatore
Coochbehar
Cuddalore
Cuddapah
Cumbum
Cuttack
Dahod
Dausa
Davangere
Deepika
Dehradun
Dewas
Dhamtari
Dhanbad
Dharmapuri
Dharwad
Dhule
Dindigul
Durgapur
Eluru
Ernakulam
Erode
Etawah
Faizabad
Faridabad
Farrukhabad
Fatehpur
Gadag
Gadwal
Gajuwaka
Gandhidham
Ganganagar
Gaya
Ghaziabad
Gobichettipalayam
Godhavarikhani
Godhra
Gondia
Gorakhpur
Gudiwada
Gudur
Gulbarga
Gummidipoondi
Guna
Guntur
Gurgaon
Guwahati
Gwalior
Haldwani
Hanmana
Hassan
Haveri
Hazaribagh
Himayathnagar
Himmatnagar
Hindupur
Hissar
Hooghly
Hospet
Hosur
Hubli
Hyderabad
Indore
Itchapuram
Jabalpur
Jagadamba
Jagdalpur
Jaipur
Jaisalmer
Jajpur
Jalandhar
Jalgaon
Jalna
Jamkhambhalia
Jammu
Jamnagar
Jamshedpur
Janjgir
Jhalawar
Jharsuguda
Jhunjhunu
Jodhpur
Jorhat
Junagadh
Jyepore
Kadapa
Kaithal
Kakinada
Kallakurichi
Kalyan
Kanchangadh
Kanchipuram
Kankavali
Kannur
Kanpur
Karad
Karaikudi
Karim Nagar
Karnal
Karur
Kasargod
Kathua
Katni
Kattappana
Kattedan
Kawardha
Kayamkulam
Keonjhar
Khamgaon
Khammam
Khargapur
Kodada
Kolar
Kolhapur
Kolkatta
Kollam
Kompally

Koppal
Korba
Kota
Kothagudam
Kotputli
Kottayam
Kovilpatti
Krishnagiri
Krishnanagar
Kukatpally
Kullu
Kumbakonam
Kumta
Kundapur
Kunnamkulam
Kurnool
L B Nagar
Lakhimpur
Latur
Ilkal
Lucknow
Ludhiana
Machilipatnam
Madanapalli
Madgaon
Madhurawada
Madikeri
Madiwala
Madurai
Malda
Malegaon
Mancherial
Mandapeta
Mandi
Mangalore
Manjeri
Markapuram
Marthalli
Marthandam
Mayiladithurai
Mehboob Nagar
Mehsana
Melur
Mettupalayam
Mettur
Miryalaguda
Moga
Moradabad
Morbi
Morena
Mudbidiri
Mumbai
Muzaffarpur
Mysore
Nadiad
Nagercoil
Nagole
Nagour
Nagpur
Namakkal
Nanded
Nandigama
Nandurbar
Nandyal
Narsipatnam
Nashik
Navi Mumbai
Navsari
Neemuch
Nellore
New Delhi
Nizamabad
Ongole
Ooty
Osmanabad
Ottanchatram
Padi
Palakkad
Palani
Palanpur
Palayamkottai
Palia
Pandarpur
Panjim
Paramakudi
Parbhani
Parvathipuram
Patan
Pathanamthitta
Pathankot
Patna
Pattukotai
Piduguralla
Pollachi
Pondicherry
Porbander
Proddatur
Pudukottai
Pune
Puri
Puttur
Rai Bareilly
Raichur
Raigarh
Raipur
Rajamundry
Rajapalayam
Rajkot
Rajnandgaon
Rajpibla
Rajsamand
Ranchi
Ranipet
Ratlam
Ratnagiri
Raygada
Renukoot
Rewa
Roha
Rohtak
Rourkela
Sadulpur
Sagar
Sagara
Sahibabad
Salem
Salur
Sambalpur
Sandur
Sangagiri
Sangamner
Sangli
Saraipalli
Satara
Satna
Sawai Madhopur
Secunderabad
Sendhwa
Shahapur
Shahdol
Shahjahanpur
Shimla
Shimoga
Shivpuri
Sholapur
Shrirampur
Sikar
Siliguri
Silvassa
Sindhanur
Singarayakonda
Sirohi
Sivakasi
Sriganganagar
Srikakulam
Srinagar
Sultanpur
Sulthan Bathery
Sulur
Surat
Surendranagar
T Dasarahalli
Tadepalligudem
Tadipatri
Tambaram
Tanjavur
Tenali
Tenkasi
Tezpur
Thalassery
Thane
Theni
Thiruchengode
Thiruppathur
Thiruvallur
Tindivanam
Tinsukhia
Tiruchendur
Tirunelveli
Tirupathi
Tirupur
Tirur
Tiruvannamalai
Tiruvarur
Tiruvotriyur
Trichur
Trichy
Trivandrum
Tumkur
Tuticorin
Udaipur
Udhampur
Udupi
Ujjain
Ulhasnagar
Una
Vapi
Varanasi
Vatakara
Vellore
Vijayawada
Villupuram
Virudhachalam
Virudhunager
Visakapatnam
Vizianagaram
Wada
Wadi
Wadkhal
Waidhan
Warangal
Wardha
Wardhaman Nagar
Washim
Yamunanagar
Yavatmal

Management Discussion and Analysis

ECONOMIC OVERVIEW

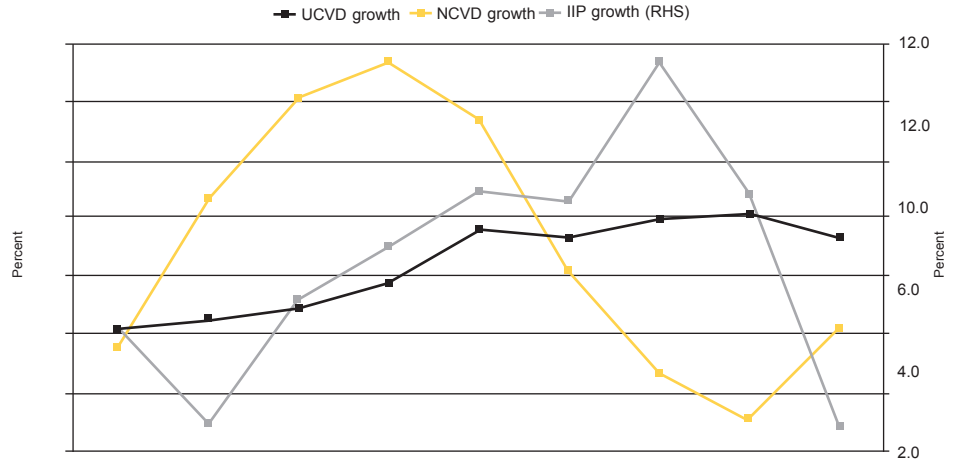
The year 2009-10 proved to be a year of global economic resurgence. The global economy, after faltering due to recession during 2008-09, witnessed an improvement, mainly on account of infusion of stimulus funds by respective countries. China and India led the recovery from the front, on account of huge domestic demand and continued thrust on infrastructure creation, further propelling demand within the core sectors. The US recovery, largely driven by fiscal and monetary stimulus, is expected to clock a GDP growth of 2.8% in 2010.

As per the advance estimates of GDP for 2009-10 released by the Central Statistical Organisation (CSO), the Indian economy is expected to grow at 7.2% in 2009-10, with the industrial and the service sectors growing at 8.2 and 8.7% respectively, mainly driven by factors like rising per-capita income, urbanisation, favourable demographics, declining household size and increasing job security. Barring any problems caused by the country's fiscal vulnerability, growth is expected to strengthen in subsequent years, as it will continue to reap the benefits of the ongoing opening up of the economy and gradual improvements in infrastructure.

COMMERCIAL VEHICLE (CV) INDUSTRY OVERVIEW

The performance of India's new CV industry is directly linked to the country's macroeconomic growth, especially industrial growth. In contrast, the correlation of the used CV sales to the macro economy is much less, driven in part by replacement demand and by the aspiration of truck drivers to graduate to a CV owner.

Chart 1: India: New/used CV growth vs IIP growth over the cycle



Source: BofA-Merril Lynch Global Research

During 2009-10, the CV industry posted a rebound with new vehicle sales rising 34.6% y-o-y (in volume terms) as against 22% down during 2008-09. Typically, this segment has strong linkages with overall economic, agricultural growth and especially industrial activity levels (industrial production increased sharply by 16.7% in January 2010). The growth in new CV sales is expected to remain strong in FY11 on account of heightened manufacturing activity, buoyant consumption, evolving distribution and service networks, easy availability of finance and road development programmes. In the wake of the above factors, Indian Medium & Heavy Commercial Vehicle (M&HCV) sales are expected to grow at a CAGR of 13% over FY09-12E.

COMMERCIAL VEHICLE INDUSTRY DYNAMICS		
	New	**Pre-owned**
Years	1-5 Years	> 5 above
Market size	Rs. 370 bn	Rs. 520 bn
Dominated by	Manufacturer's backed NBFC & Banks	Unorganised players
Financing focus	Manufacturer driven	Customer driven
Yields (%)	12-13	18-20
LTV	85-90%	65-70%
Operator	LTO	STO
Loan tenure	3-5 years	2-4 years
Primary usage	Metros and big cities long hauls	Interstate and smalll towns
Primary growth drivers	Higher GDP/IIP growth	Increased frieght rates, increasing aspirations of drivers

The demand for pre-owned CVs is usually driven by various factors such as technological changes, launch of new vehicles, changing freight patterns, evolving scale of fleet owners and financial/taxation implications. Normally, a CV's ownership changes more than once, and is thereby re-financed an average of four times in its lifespan with the first change of ownership happening in the 4th or 5th year of purchase. Given the fact that a large number of CVs sold during FY05-07 are expected to witness probable change in ownership in the near period and would be available for refinancing over FY10-12, the pre-owned CV industry is expected to witness bigger growth.

CV FINANCE INDUSTRY OVERVIEW

CV sales (number of vehicles) are well below car sales in India (CVs are around 50% of the value of car sales). However, the size of the financing markets for the two segments are quite comparable due to the significantly higher finance penetration in the commercial vehicle segment (over 95% of the new sales are financed). Loan-to-value ratios for commercial vehicles range between 70-75%, with typical loan durations of around four years.

The pre-owned CV segment is expected to account almost 70% of the total CV sales. The sector is largely catered to by the unorganised sector as the industry consists largely of Small Truck Owners (STOs) that typically own less than five trucks, and have no banking habits. CV financing in India is largely based on the profile of the borrowers and not solely on the asset class/quality. As a result, traditionally the large banks and financial companies have funded fleet owners. Since the cost of new CVs is much higher than what STOs can afford, the financing to pre-owned segment has been largely dominated by private financiers in the unorganised segment. Lack of financial support coupled with lack of banking culture has contributed to the high-risk perception of the segment. As a result, the STOs have been largely limited to pre-owned trucks.

KEY CHARACTERISTICS OF STOs
❒ Lack of banking habits
❒ No credit history available and no documents
❒ Perceived to be risky by mainstream financiers
❒ Little or no bargaining power
❒ No collaterals

WHY BANKS DON'T EXTEND CREDIT?
❒ Customers lack banking habits and have no credit history
❒ Bulk of transactions are carried out in cash
❒ Highly fragmented market
❒ Community-based model
❒ Perceived as high risk class borrowers
❒ Mobile nature of customers and asset financed
❒ No established valuation norms

KEY GROWTH DRIVERS

CVs sold during boom of 2004-07 will start hitting the resale market

A large percentage of CV fleet (of medium and large fleet owners) changes ownership after 4-5 years of vehicle purchase, as financial, technological and operational

factors compel the operators to sell them. Due to this, over 15 lac CVs sold during 2004-07 are expected to be available for refinancing.

Growing freight capacity

Due to the upsurge in economic activities and strong momentum in GDP growth, freight capacity is expected to increase at a healthy rate. Generally, freight capacity growth is 1.25-1.5 times the GDP growth. This high growth in freight capacity will create strong demand for CVs in the system.

Increased aspirations of drivers to become entrepreneurs

The uptick in freight rates backed by growing freight capacity provides an opportunity for drivers to become entrepreneurs, which in turn will enhance demand for pre-owned CVs.

Ban on overloading

The ban on overloading by Supreme Court will significantly enhance the demand for CVs in the system.

Legislative measures to propel replacement demand

Legislative pressure on banning 15-year old trucks is likely to trigger the replacement boom. Transport associations have suggested Voluntary Retirement Schemes for old trucks. If these old trucks are to be replaced, it will create a trigger in replacement demand for 11 lac CVs.

Massive investments in the roads and highways sector to support growth

Government investments in the roads and highways sector is expected to support growth in the CV industry. According to the NHAI, India's road network is nearly 33 lac kms. Approximately 65% of freight and 85% of passenger traffic is carried by the road network. Such massive investments will be positive for overall demand.

CONSTRUCTION EQUIPMENT INDUSTRY

The construction equipment industry is estimated to be worth approximately USD 6 billion (~Rs. 30,000 cr), with an annual growth forecast of 25-30%. The ongoing thrust by the Indian government to develop large scale infrastructure projects coupled with sustained funding from public-private partnerships is driving the demand for a large bouquet of construction equipment. The emergence of Small Construction Equipment Operators (SCEOs) like crane operators or dumper drivers, etc. is gaining momentum. The scope for expansion in this space is immense; given that majority of asset purchases are financed. Further, there is limited access to funding for small and medium sized contractors, more so now since the few MNCs financing the segment have wound up their business in India. The size of the market, limited competition for financing small and medium sized contractors and the prospect of providing financing options to contractors through the lifecycle of the equipment are factors that make this industry a huge opportunity going forward.

PERFORMANCE OVERVIEW

The year 2009-10 has been a milestone year for the Company. While on one hand, the Company successfully scaled its operations through improved reach and streamlined business verticals to cater successfully to an ever-growing consumer base; on the other hand, it undertook funding initiatives, mitigating interest risk to a large extent. In the wake of the improved business environment, the major focus was to strengthen the key areas in order to support the potential growth offered by the industry in the coming years.

1. **Strengthening a knowledge-led organisation**

   During 2008-09, the Company initiated steps to create a knowledge-led organisation. It resulted in the creation of dedicated knowledge verticals – including Customers, Territory and Products. During 2009-10, the key focus was to further strengthen the knowledge proposition by appointing credible and reputed intellectual capital from the industry as well as by further standardising the processes by inducting world-class technology platforms across branches and regions for better and timely access

to real-time information. This resulted in cementing the Company's lending as well as collection processes and at the same time, enabled the Company to keep the delinquency levels at check despite growing volumes.

2. Creating dedicated product verticals

The Company has witnessed rapid growth in the past decade. The growth has predominantly come from the pre-owned CV segment, where the Company has successfully created a reputed clientele in STOs. With thorough customer knowledge, the company became a leader in pre-owned CV segment. Since some of its existing clients also ventured into newer businesses like subcontracting construction activity, it made good business sense to extend the relationship into newer and related product verticals. However, in order to create a scalable organisation, it was necessary to have credible and in-depth product knowledge. To strengthen each product vertical, the Company created dedicated product teams, each headed by an industry expert, having requisite experience in specific product. Each product vertical is considered to be a separate profit centre, thereby further cementing the multi-product organisation structure.

Construction equipment business

The Company initiated the financing of construction equipment like forklifts, cranes, loaders etc. However, in the wake of increased infrastructure and construction activity, this segment witnessed a sharp surge in demand in the past two years. In the construction equipment segment, although the Company caters to a similar consumer class (STROs), but the product knowledge required is totally different from CV financing. Therefore, the Company floated a 100% subsidiary consisting of a separate management team, comprising of professionals from the realm of construction equipment finance. The construction equipment portfolio under management as on March 31, 2010 would continue to remain in the Company's books (i.e. Shriram Transport), while the new company – Shriram Equipment Finance Company Ltd. would generate and maintain its own assets in the construction equipment financing space.

Automalls

Similarly, the Company also identified an attractive opportunity to monetise its reach through an initiative called Automalls. The Company has initiated measures to develop pre-owned CV hubs across India called 'Automalls' through a wholly owned subsidiary – Shriram Automall India Limited. Automalls will provide a ready platform for buying and selling of pre-owned CVs. The platform would be used by the Company to earn a fee based income as well as strengthen its product valuation knowledge. The first Automall is expected to begin operations by second quarter of this year. Another 50-60 Automalls are expected to come up over the next 12-18 months. The Company is also planning to set up a workshop at these Automalls, where some of the CVs will be refurbished and sold under the brand name 'Shriram New Look'. The Company is also setting up electronic touch screen kiosks (under the brand name 'One Stop') across these Automalls and branch offices, through which its customers will be able to access real-time data on pre-owned CVs available for sale.

3. Purchase of CV & construction equipment loan portfolio

During the year, the Company purchased hypothecated loan outstandings of CVs and construction equipment of GE Capital Services India and GE Capital Financial Services aggregating to approximately Rs. 1,100 cr. Given the reach and collection ability of the Company, the portfolio would be a viable and profitable investment.

4. Fund raising initiatives

In order to create a sustainable and scalable business model, it was very important to mitigate the key risks, especially those relating to interest and capital availability. The Company undertook the following initiatives for the same:

Placement of Non-Convertible Debentures (NCD) with domestic investors

During the year, the Company successfully placed Rs. 1,000 cr of NCD with domestic investors in a bid to diversify its liability profile. It was an indication of the strong credibility that the Company enjoys in the market that the issue was oversubscribed on the first day itself.

Qualified Institutional Placement (QIP)

The Company raised Rs. 583.86 cr through the QIP route during the year. The Company allotted 116.58 lac equity shares of the face value of Rs. 10 each to domestic and international Qualified Institutional Buyers (QIB) resulting in a dilution of around 5.2%. The placement of shares was effected at Rs. 500.80 per share. The net proceeds from the offering will primarily be utilised to accelerate the expansion of the core CV financing business as well as for fresh investments in the equipment financing and vehicle trading ventures.

5. Market expansion initiatives

The total number of branches for the Company stood at 484 across India as on March 31, 2010. In terms of inorganic growth, the Company has been instrumental in the participation of private financiers into the organised segment. As a result, it not only empowered the private financiers through a fiduciary relationship to increase their reach but also enabled the STOs funded by private financiers, to access affordable finance to grow. As on March 31, 2010, the Company has tie-ups with more than 500 private financiers.

During 2010, the Company introduced touch screen kiosks (One Stop) as a replacement for its successful campaign - 'Truck Bazaars', in the near term. One Stop would facilitate the prospective clients to access real-time information on the vehicles intended to be sold by the current owners. These One Stops have already been launched in Tamil Nadu and will be introduced in other states in a phased manner. As a result, it will replace the need of holding once-a-month event like Truck Bazaar, resulting in lower marketing cost as well as wider reach.

SWOT ANALYSIS

Strengths

- The pioneer in the pre-owned CVs financing sector
- Knowledge-driven (products as well as local customers) and relationship-based business model
- Significant expertise and experience in valuation of pre-owned CVs as well as in recovery/collection of monthly payments from customers
- Pan-India presence with 484 branch offices all over the country.
- A well-defined and scalable organisation structure, capable of supporting surging growth
- Low delinquency as assets are backed with adequate cover and are easy to repossess with immediate liquidity.
- Strong financial track record driven by fast growth in AUM with low Non Performing Assets (NPAs)
- Experienced and stable management team
- Strong relationships with public, private as well as foreign banks, institutions and investors

Weaknesses

- The Company's business and its growth are directly linked to the GDP growth of the country. Any slowdown in GDP growth may have a negative impact on the business

Opportunities

- Growth in the CV market driven by the economic growth and the infrastructure development in the country
- Strong demand for construction equipment
- Strong demand for passenger CVs
- Strong demand for pre-owned tractors

- Loans for working capital requirements of CV users
- Partnerships with private financiers will enable the Company to enhance its reach without significant investments in building infrastructure

Threats

- Maintaining relationships with customers who are mobile and have no proper documentation
- Maintaining asset quality
- Regulatory changes in the Non-Banking Financial Company (NBFC) and transportation sectors

FINANCIAL PERFORMANCE

During the year 2009-10, the Company's total income increased by 21% to Rs. 4,499.64 cr, as compared to Rs. 3,731.13 cr in 2008-09. The Company's PAT also increased by 43% to Rs. 873.12 cr in 2009-10, from Rs. 612.40 cr in 2008-09. The Gross NPAs and Net NPAs for the year 2009-10 were 2.83% and 0.71% respectively. The Company's net interest margin on the AUM stood at 7.28%. The Company's net interest income increased by 29% to Rs. 2,221.30 cr in 2009-10 as against Rs. 1,727.80 cr in 2008-09.

Capital Adequacy Ratio (CAR)

The Company maintained a CAR of 21.35% during FY10 against a minimum 12% as required by RBI norms.

Borrowing profile

The Company's total external borrowings decreased from Rs. 20,121 cr as of March 31, 2009 to Rs. 18,460 cr as of March 31, 2010. The Company has a strategic mix of retail deposits and institutional funding with retail liabilities constituting 17.7% of the total external borrowings (against 15.7% as of March 31, 2009) and loans from banks and institutions accounting for 82.3% (against 84.3% as of March 31, 2009).

Assets Under Management (AUM)

The total Assets Under Management (AUM) for FY10 was Rs. 29,126 cr, exhibiting a growth of 25% over the previous year. 76% of the total AUM is in the pre-owned CV category and the rest is in the new CV category.

Securitisation

During 2009-10, the Company securitised its assets worth Rs. 8,757 cr, up more than two-folds as compared to the assets securitised during 2008-09. The outstanding securitised assets portfolio stood at Rs. 11,180 cr as on March 31, 2010. The benefits of securitisation can be summarised as follows:

- Securitisation enables the Company to access low cost funds since it funds STOs which are classified as Priority Sector by the RBI.
- At the same time, securitisation also allows the Company to substantially mitigate the interest rate risk since the rates are fixed. This enables the Company to immunise the business from adverse changes in interest rates.
- Also, asset-liability maturities are matched door-to-door through securitisation.

Conversion of warrants

During the year, 80 lac optionally convertible warrants issued through preferential allotment in December 2007, were converted into equity shares, at a price of Rs. 300 per share.

TECHNOLOGY

While the Company has created a unique business model based on relationships, technology-backed processes has enabled it not only post a sustained growth, but also retain its asset quality. The Company, since its inception, has invested consistently in superior technology led process systems. This not only resulted in adding scale to the existing operations, but also resulted in better quality of customer service. All the Company's branches are also connected through technology platform, enabling real-time information sharing and access. The Company's technology is at par with the ones used in banks and is much efficient and dependable in terms of security and information back-up/assimilation.

During 2009-10, the Company opened call centres, to regularly keep its customers informed about their account developments and other offers. It also introduced a 'mobile banking' feature for its customers, enabling them to get real-time information on their account particulars.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Human resources are an integral and important part of any organisation and for the Company whose business model is relationship-based, its people are the key to its success and growth. Thus, the Company has put in place sound policies for the growth and progress of its employees. These include well defined performance-based incentive plans and an Employee Stock Option Plan (ESOP) for eligible employees. The Company also recognises the importance of providing training and development opportunities to its people to enhance their skills and experience, which in turn enables the Company to achieve its business objectives. As on March 31, 2010, the Company had 13,817 employees on its payrolls including 7,398 product/credit executives. The number of employees added during the year is 1,621, an increase of 13% over the previous year.

RISKS AND CONCERNS

Economy risk

A slowdown in the economy has a direct impact on the sale of CVs.

Risk mitigation

- An economic slowdown generally affects the new CV industry.
- The pre-owned CV market remains largely unaffected because of unique customers as well as lower deal size.
- Close to 76% of the Company's total portfolio consists of pre-owned CVs.
- Further, the Company has also initiated measures to diversify its portfolio by entering into the segments of construction equipment, tractors, passenger CVs, working capital requirements of CV owners, etc.

Human resource risk

In a relationship-based business, any attrition at the key managerial level or at the field staff level poses a risk of losing business.

Risk mitigation

- The Company has created a successful and scalable business model by putting people first.
- The Company ensures a progressive career path for each of its employees.
- High levels of interdepartmental and intra-departmental transparency allow speedy resolution of the employees' concerns.
- Performance linked remuneration coupled with ESOPs help in retaining talent.
- Continuous efforts for training and development of all personnel across departments
- The attrition rate in the Company is amongst the lowest in the industry.

Interest rate risk

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

Risk mitigation

- The Company's insights on product valuation enable it to lend judiciously.
- All of the Company's loans qualify as Priority Sector assets for banks and therefore have lower cost.
- The Company also enjoys high credit ratings for its long term as well as short term credit requirements.
- Given its long standing relationship with banks and institutions and an impeccable track record of servicing its debts in a timely manner, the Company is a preferred partner for all banks and institutions.

Asset-liability mismatch risk

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

Risk mitigation

- The Company never employs short term borrowings into long term lending.
- The Company is also increasing its proportion of long term loans by borrowing from the retail sector as well as through the securitisation route.
- A prudent borrowing strategy enabled the Company to service all its debts on time during the year.

Cash management risk

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

Risk mitigation

- The Company has connected nearly all its branches to the cash management network.
- Novel cash management checks are employed at every level and regular audits are conducted to ensure the highest levels of compliance.
- A strong cross referral system is employed across levels and profit centres.
- Disbursed loans are continuously monitored to avoid a default.
- The Company also ensures that its field officers make compulsory monthly visits to borrowers which help in managing large cash collections.

OUTLOOK

With buoyant demand for CVs on account of accelerated consumer demand coupled with improved manufacturing activity and large infrastructure spend, the Company is looking forward to tapping growth in the existing and related products, by catering to a similar customer segment. In the process, the Company also aims to reduce the controllable facets of all the associated risks, particularly those relating to funding and delinquency. The Company aspires to reach AUM of over Rs. 50,000 cr by 2012-13, in the wake of strong economic indicators and a sustainable, scalable business model.

CAUTIONARY STATEMENT

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

Directors' Report

Your Directors have pleasure in presenting their Thirty First Annual Report and the Audited Statements of Accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS		
		(Rs. in lacs)
	2009–10	**2008–09**
Profit Before Depreciation and Taxation	**133,954.96**	**96,104.57**
Less: Depreciation, Amortisation and Impairment Loss	1,495.84	4,041.46
Profit Before Tax	132,459.12	92,063.11
Less: Provision for Taxation including Fringe Benefit Tax	45,147.38	30,822.90
Profit After Tax	87,311.74	61,240.21
Add: Balance brought forward from previous year	58,309.25	27,486.21
Balance available for appropriation	145,620.99	88,726.42
Appropriations		
General Reserve	8,800.00	6,200.00
Statutory Reserve	17,500.00	12,300.00
Debenture Redemption Reserve	10,442.08	-
Dividend on Equity Shares of Rs. 10/- each	13,600.65	10,186.01
Tax on Dividend	2,276.61	1,731.16
Balance carried to Balance Sheet	93,001.65	58,309.25

DIVIDEND

Your Directors at their meeting held on October 28, 2009 declared an interim dividend of Rs. 2/- per equity share (i.e. 20%) for the financial year 2009-10, which was paid on November 20, 2009. The payment of this Interim Dividend involved an outflow, including tax on dividend, of Rs. 4,977.86 lacs.

Your Directors have recommended a final dividend of Rs. 4/- per equity share (i.e. 40%) for the financial year ended March 31, 2010. The dividend distribution would result in a cash outflow of Rs. 10,518.96 lacs including tax on dividend of Rs. 1,498.25 lacs.

For the financial year 2008-09, the total dividend outflow, including on account of interim dividend, was Rs. 12,285.26 lacs which included tax on dividend of Rs. 1,784.59 lacs.

PROSPECTS AND OPPORTUNITIES

After experiencing one of the worst economic crisis ever during the financial year 2008-09 triggered by the subprime crisis, that plunged even the world's leading economies into financial meltdown, the global economic conditions picked up momentum during the financial year 2009-10, though slowly and with some uncertainty. It was widely feared that the crisis will continue for a long time. Contrary to the general belief, the turnaround has been quicker than what was expected. While it is generally felt that the risk relating to the macro economies have somewhat lessened, there are fears relating to the financial stability of some of the countries. Capital infusion, especially from the private sector, continues to be slow even in the developed economies and coupled with low capacity utilization as well as depressed consumption have forced their governments to continue with the fiscal and monetary stimuli which were extended at the peak of the crisis.

During the crisis period, the flight of capital has been one of the big concerns for the Emerging Market Economies, which saw alarming capital outflows. However, these economies, especially the Asian Emerging Market Economies, led by India and China, exhibited commendable resilience and are now significantly ahead on recovery path as compared to the developed economies. Prompted by the growth of the Emerging Market Economies, the International Monetary Fund has projected that global growth will recover from (-) 0.8 per cent in 2009 to 3.9 per cent in 2010 and further to 4.3 per cent in 2011.

On account of timely support extended through a series of economic measures and close monitoring of the financial health of the economy by the Government of India, the Reserve Bank of India and the other regulatory bodies of the Country, the Indian economy demonstrated a clear momentum of economic recovery. This is achieved despite a deficient monsoon and its consequent adverse

impact on the agricultural production. The GDP growth for the fiscal 2009-10 has been estimated at 7.2 per cent as against 6.7 recorded in 2008-09. The recovery has been broad based on account of rebound in industrial production and the resilience of the services sector. In March 2010, the six key sectors i.e. crude oil, petroleum refinery, coal, electricity, cement and finished steel posted an annual growth of 7.2 per cent as against 3.3 per cent in March 2009, boosting prospects of a robust across the board growth.

The growth during the fiscal 2010-11 is widely expected to be higher than that of the year that has gone by. The capacity utilization and consumption are expected to pick up further in the coming months. However, despite commendable stability achieved during the past several months and revival of inflow of capital, there are concerns on account of spiraling inflation and large government borrowings.

The overall Commercial Vehicles segment registered positive growth at 38.31 percent during financial year 2009-10 when compared to 2008-09. Medium & Heavy Commercial Vehicles segment registered growth at 33.55 per cent and Light Commercial Vehicles grew at 42.67 percent.

The growth of the passenger vehicles segment during 2009-10 was at 25.57 percent as compared to last year. Utility Vehicles grew by 20.88 percent and Multi Purpose Vehicles grew by 40.94 percent. During the year, the Passenger vehicles production crossed 2 million mark.

Despite the turmoil witnessed across the globe as well as in our country, Your Company continued to remain in the growth momentum. Your Company was able to consolidate its position further and aggressively pursued to tap markets in the rural areas. Your Company now has a wide array of financial products tailor made for the Commercial Vehicle segment.

The recent venturing into financing of pre-owned passenger vehicles, multi utility vehicles, tractors, construction equipments as well as three wheelers and the foray into extending secondary finances, such as loans for replacement of tyres, engine and extending of finances to its customers to meet their working capital needs, have met with extra ordinary success in the market place. The co-financing arrangements with the local private financiers throughout the country have helped the Company to strategically expand its reach and the customer base. 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. Despite difficult and volatile conditions, Your Company has been able to borrow from a range of sources at competitive rates to achieve a relatively stable cost of funds primarily due to our improved credit ratings, effective treasury management and innovative fund raising programs. In spite of the volatile financial market conditions Your Company continued to be the leader and retained its position as the largest asset financing Non Banking Financial Company in the country.

OPERATIONS

Your Company has earned a Profit Before Tax of Rs. 132,459.12 lacs for the year ended March 31, 2010, as against Rs. 92,063.11 lacs of the earlier year, posting an increase of 43.88 % year on year. The Profit After Tax of Rs. 87,311.74 lacs also is 42.57 % more when compared to the previous year, which was Rs. 61,240.21 lacs. The total Income for the year under consideration was Rs. 449,963.82 lacs and total expenditure was Rs. 317,504.70 lacs.

The total disbursements made for financing of commercial vehicles during the year under review were Rs. 1,468,359 lacs. As on March 31, 2010, the outstanding hypothecation loans were Rs. 1,773,740.20 lacs.

During the year ended March 31, 2010, the Company mobilised Rs. 232,652.34 lacs through non convertible debentures, Rs. 53,196.13 lacs through subordinated debts, Rs. 699,929.21 lacs through term loans, Rs. 77,700 lacs through working capital loans, Rs. 2,500.00 lacs through commercial paper, Rs. 875,681.04 lacs through securitisation deals.

FIXED DEPOSITS

As on March 31, 2010, there were 414 fixed deposits aggregating to Rs. 60.65 lacs that have matured but remained unclaimed. There were no deposits, which were claimed but not paid by the Company. The unclaimed deposits have since fallen down to 12 deposits amounting to Rs. 3.16 lacs. Steps are being taken continuously to obtain the depositors' instructions so as to ensure renewal/ repayment of the deposits in time.

SUBSIDIARY

During the Financial Year ended March 31, 2010, the Company incorporated two wholly owned subsidiaries by name, Shriram Equipment Finance Company Limited and Shriram Automall India Limited on December 15, 2009 and February 11, 2010 respectively.

Shriram Equipment Finance Company Limited (SEFCL) received the Certificate of Commencement of Business from the Registrar of Companies, Tamil Nadu on December 23, 2009 and has applied to Reserve Bank of India (RBI) for registration as a Non-Banking Finance Company (Non-Deposit Taking). SEFCL will be engaged in the business of hire purchase / loan financing of equipments, especially construction equipments.

Shriram Automall India Limited (SAIL) received the Certificate of Commencement of Business from the Registrar of Companies, Tamil Nadu on April 16, 2010. SAIL intends to develop pre-owned commercial vehicle hubs across India called "Automalls" and set up a one-stop shop catering to the various needs of commercial vehicle owners.

These subsidiary companies are non-material unlisted subsidiaries of the Company.

The Company has made necessary application to the Central Government u/s 212 (8) of the Companies Act, 1956 read with Rule 7D of the Companies (Central Government) General Rules and Forms, 1956 seeking exemption from attaching the annual accounts of its subsidiaries to the Annual Report of the Company. However, the consolidated financial statement attached to this Annual Report is prepared in compliance with Accounting Standard and Listing Agreement. Further, the annual accounts of the subsidiaries shall be available on the website of the Company viz. www.stfc.in and shall also be provided to the Shareholders on their written request to the Company.

SHARE CAPITAL

Qualified Institutional Placement

During the year under review, the Company issued and allotted to 45 qualified institutional buyers 11,658,552 equity shares of Rs. 10/- each at a premium of Rs. 490.80 per equity share aggregating to Rs. 58,386.03 lacs under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Employee Stock Options

During the year under review, the Company allotted 2,347,650 fully paid up equity shares of the face value of Rs. 10 each to its employees on exercise of stock Options by them and also granted additional 50,000 Options to eligible senior managerial personnel.

Details of the shares issued and allotted under ESOS, as well as the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure to this Report.

PUBLIC ISSUE OF NCDs

To explore and develop additional source of financing and with a view to meet Your Company's business operations, Your Company, pursuant to the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and subject to the necessary approvals, consents and permissions, issued and allotted Secured Non Convertible Debentures, through a public issue and raised a sum of Rs. 99,999.96 lacs.

Considering the potential in raising funds by issue of non convertible debentures (NCDs), Your Board, at its meeting held on January 18, 2010, has decided to offer and allot, subject to the aforementioned Regulations and such approvals as may be necessary, secured / unsecured, NCDs not exceeding Rs. 50,000 lacs in one or more tranches through another public issue which is expected to open for public subscriptions in May 2010.

DIRECTORATE

Mr. Ravindra Bahl, Non Executive Nominee of Uno Investments on the Board of the Company, resigned as a Director with effect from November 19, 2009. Consequent to the repayment of loan taken by the Company from Indian Renewable Energy Development Authority, they withdrew their nomination of Dr. T.S. Sethurathnam, their nominee on the Board, and he ceased to be a Director of the Company with effect from November 11, 2009. The Board has placed on record its appreciation of the invaluable services rendered by Mr. Bahl and Dr. Sethurathnam during their respective tenures as Directors of the Company.

As per Section 256 of the Companies Act, 1956, Mr. M.S. Verma and Mr. S. M. Bafna would retire by rotation, and being eligible, offer themselves for re-appointment.

Mr. S. Lakshminarayanan was appointed as an Additional Director by the Board with effect from September 22, 2009. In accordance with Section 260 of the Companies Act, 1956, he will hold office only upto the date of the ensuing Annual General Meeting. Being eligible, he offers himself for re-appointment.

The term of office of Mr. R. Sridhar as the Managing Director, will come to an end on September 14, 2010. The Board at its meeting held on April 29, 2010, subject to the approval of the Shareholders, has re-appointed him for a further term of five years. The necessary resolution for his re-appointment and for the remuneration payable to him will be moved at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

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

b) That such accounting policies as mentioned in Schedule 20.1 of the Accounts have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date;

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Annual Accounts have been prepared on a going concern basis.

RBI GUIDELINES

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

CORPORATE GOVERNANCE

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

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

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

Further, as required under Clause 49 of the Listing Agreement, a certificate, duly signed by the Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2010, was submitted to the Board of Directors at their meeting held on April 29, 2010. The certificate is attached to the Report on Corporate Governance.

AUDITORS

M/s. S. R. BATLIBOI & Co., Chartered Accountants, Mumbai and M/s. G. D. Apte & Co., Chartered Accountants, Mumbai, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Certificates have been received from them to the effect that their re-appointment as Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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

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

a. The Company has no activity involving conservation of energy or technology absorption.

b. The Company does not have any Foreign Exchange Earnings.

c. Outgo under Foreign Exchange - Rs. 6.85 lacs.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said statement may write to the Vice President (Corporate Affairs) & Company Secretary at the Head Office of the Company, and the same will be sent by post.

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation received from the Banks and Financial Institutions, for the continued enthusiasm, total commitment, dedication and efforts of the executives and employees of the Company at all levels. We are also deeply grateful for the continued confidence and faith reposed on us by the Shareholders, Depositors, Debenture holders and Debt holders.

For and on behalf of the Board of Directors

Arun Duggal
Chairman

Mumbai
April 29, 2010

GROUP COMING WITHIN THE DEFINITION OF GROUP AS DEFINED IN THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969 (54 OF 1969)

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969):

Mr. R. Thyagarajan, Shriram Ownership Trust, Shriram City Union Finance Limited, Shriram Asset Management Company Limited, Shriram Automall India Limited, Shriram Equipment Finance Company Limited, Shriram Motor Finance, S R Real Estate Finance, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited, Shriram Chits Tamilnadu Private Limited, Shriram Enterprise Holdings Private Limited, Shriram Projects Development Private Limited, DNM Consultancy Private Limited , Shriram Insight Share Brokers Limited, Shriram Wealth Advisors Limited, Insight Commodities & Futures Private Limited, Shriram Industrial Holdings Private Limited, Shriram Fortune Solutions Limited, Shriram Value Services Private Limited, Shriram Properties Holdings Private Limited, Shriram Marketing Agencies (Chennai) Private Limited, Shriram Capital Limited and its subsidiaries namely Shriram Holdings (Madras) Private Limited, Shriram Credit Company Limited, Shriram Retail Holdings Private Limited, Shriram Life Insurance Company Limited, Shriram General Insurance Company Limited, Shriram Investment Holdings Limited, Bharat Re-Insurance Brokers Private Limited, Shriram Infrastructure & Power Limited, Shriram Infrastructure Holdings Private Limited, Shriram Overseas Investments Private Limited (formerly Dhanashri Investments Private Limited) any other Company, firm or trust promoted or controlled by the above.

The above disclosure has been made; inter alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA

(EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

ANNEXURE TO THE DIRECTORS' REPORT, 2009-10

Particulars			**Shriram Transport Finance Company Limited Employees Stock Option Scheme 2005**
a)	Options granted		4,941,000 equity shares of Rs. 10 each
b)	The pricing formula		Rs. 35 per Option
c)	Options vested		3,225,750
d)	Options exercised (as at March 31, 2010)		2,957,800
e)	The total number of shares arising as a result of exercise of Options		2,957,800 equity shares of Rs. 10 each
f)	Options lapsed (as at March 31, 2010)		990,950
g)	Variations of terms of Options		Nil
h)	Money realized by exercise of Options		Rs. 103,523,000.00
i)	Total number of Options in force (as at March 31, 2010)		992,250
j)	Director and Employee wise details of Options granted to :		
	i)	Director(s) including Managing Director and Senior Management personnel	Details in Appendix
	ii)	Any other employee who received a grant of Options amounting to 5 percent or more of Options granted	None
	iii)	Identified employees who were granted Options equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"		Rs. 40.92
	i)	Methods of calculation of employee compensation cost	Intrinsic Value Method
	ii)	Difference between the employee compensation cost so computed at i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	Employee Compensation Cost As per intrinsic value method – Rs. 341.30 lacs As per fair value method using Black Scholes Model - Rs. 340.91 lacs Difference in cost is Rs. 0.39 lacs
	iii)	The impact of this difference on Profits and on EPS of the Company	Impact on Profits and EPS Amortisation for the FY 09-10 As per intrinsic value method – Rs. 341.30 lacs As per fair value method using Black Scholes Model - Rs. 340.91 lacs Impact on profit-Rs. 0.39 lacs Impact on diluted EPS-Re 0.00

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

m)	Fair Value of Option based on Black Scholes methodology

Series I	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	38.44	38.44	38.44	38.44
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31
Expected life of Options	8.09 years			
Grant date	31.10.2005			
Closing market price of share on date of Option grant	Rs. 93.30			

Series II	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	19.89	19.89	19.89	19.89
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52
Expected life of Options	8.49 years			
Grant date	01.04.2006			
Closing market price of share on date of Option grant	Rs. 130.10			

Series III	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	31.85	31.85	31.85	31.85
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52
Expected life of Options	9.01 years			
Grant date	09.10.2006			
Closing market price of share on date of Option grant	Rs. 111.25			

Series IV	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	41.51	41.51	41.51	41.51
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89
Expected life of Options	9.88 years			
Grant date	17.08.2007			
Closing market price of share on date of Option grant	Rs. 168.05			

Series V	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	69.22	69.22	69.22	69.22
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63
Expected life of Options	10.78 years			
Grant date	15.07.2008			
Closing market price of share on date of Option grant	Rs. 294.50			

Series VI	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	64.80	64.80	64.80	64.80
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96
Expected life of Options	11.61 years			
Grant date	13.05.2009			
Closing market price of share on date of Option grant	Rs. 245.25			

APPENDIX

List of Senior Management Personnel to whom Stock Options were granted pursuant to the STFCL Employees Stock Option Scheme 2005

Name of the Senior Management Personnel	Stock Options Granted
Mr. R. Sridhar	72,000
Mr. Umesh Revankar	69,500
Mr. Vinay Kelkar	69,500
Mr. S. Sunder	69,500
Mr. Parag Sharma	69,500
Mr. K. Prakash	34,000
Mr. N. S. Nandakishore	29,000

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at:

(a) Enhancing long term Shareholder value through

- Assisting the top management in taking sound business decisions; and
- Prudent financial management.

(b) Achieving transparency and professionalism in all decisions and activities of the Company.

(c) Achieving excellence in Corporate Governance by

- Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
- Reviewing periodically the existing systems and controls for further improvements.

BOARD OF DIRECTORS

Composition

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

During the year under review, five meetings of the Board of Directors were held on April 28, 2009, May 13, 2009, July 24, 2009, October 28, 2009 and January 18, 2010. The thirtieth Annual General Meeting was held on July 24, 2009.

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

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM	Total no. of Directorships	Total no. of Memberships of the committees of Board		Total no. of Chairmanships of the committees of Board	
				Memberships in audit / investor grievance committees	Memberships in other committees	Chairmanships in audit / investor grievance committees	Chairmanships in other committees
* Mr. Arun Duggal Chairman-Non Executive	5	Yes	20	3	8	3	1
Mr. R Sridhar Managing Director-Executive	5	Yes	3	-	-	-	-
Mr. M S Verma Non Executive-Independent	4	Yes	7	2	-	4	2
Mr. S M Bafna Non Executive-Independent	5	Yes	12	-	-	-	-
Mr. M M Chitale Non Executive-Independent	3	No	9	4	1	4	-
Mr. Adit Jain Non Executive-Independent	3	Yes	6	1	-	1	-
# Mr. S Lakshminarayanan Non Executive-Independent	2	No	3	-	-	-	-
Mr. Puneet Bhatia Non Executive-Nominee of Newbridge India Investments II Ltd.	5	Yes	2	-	-	-	-
Mr. Ranvir Dewan Non Executive-Nominee of Newbridge India Investments II Ltd.	4	Yes	1	-	-	-	-
Mr. S Venkatakrishnan Non Executive	4	Yes	15	3	-	1	3

Notes:

1. While considering the total number of directorships of Directors, their directorships in private companies, Section 25 companies and foreign companies, if any, have been included and their directorship in the Company has been excluded.
2. The memberships and chairmanships of Directors in committees do not include their memberships and chairmanships in the Company.
3. Consequent to the sale of shares held by Uno Investments in the Company, Mr. Ravindra Bahl, a nominee of Uno Investments, resigned as a Director of the Company with effect from November 19, 2009. During the Financial Year ended March 31, 2010, till the time of his resignation, he attended one meeting of the Board of Directors. He did not attend the last AGM of the Company.
4. Consequent to the repayment of loans taken by the Company from Indian Renewable Energy Development Agency Limited (IREDA), Dr. T. S. Sethurathnam, a nominee of IREDA resigned as a Director of the Company with effect from November 11, 2009. During the Financial Year ended March 31, 2010, till the time of his resignation, he attended four meetings of the Board of Directors. He also attended the last AGM of the Company.
5. * Mr. Arun Duggal, on his appointment as a Director of Shriram Capital Limited, vide his letter dated October 14, 2009 intimated to the Company that he would not like to be treated as an Independent Director and consequently, he is being considered as a Non Independent Director of the Company.
6. # Mr. S. Lakshminarayanan was appointed as an Additional Director of the Company with effect from September 22, 2009.

AUDIT COMMITTEE

Terms of Reference

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

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and Annual Financial Statements.
- To recommend appointment of Auditors and their remuneration.
- Reviewing, with the management, the Financial Statements before submission to the Board.
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacies of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Discussing with Internal Auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal examinations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To discuss with the management, the senior internal audit executives and the Statutory Auditor/s the Company's major risk exposures and guidelines and policies to govern the processes by which risk assessment and risk management is undertaken by the Company, including discussing the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposures and from time to time conferring with another

Committee/s of the Board about risk exposures and policies within the scope of such other Committee's oversight.

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholder (in case of non payment of declared dividends) and creditors, if any.
- To review the functioning of the Whistle Blower Mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year under review, four meetings were held on May 12, 2009, July 24, 2009, October 27, 2009 and January 18, 2010.

Composition

Name of the Member	No. of Meetings Attended
Mr. M. S. Verma - Chairman	3
Mr. Puneet Bhatia	4
Mr. M. M. Chitale	3
Mr. S. M. Bafna	2

REMUNERATION / COMPENSATION COMMITTEE

Terms of Reference

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

Executive Remuneration

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

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

Employees Stock Option Scheme (ESOS)

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

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

During the year under review, four meetings of the Committee and Sub-Committee were held on May 13, 2009, July 24, 2009 and October 28, 2009 and January 18, 2010.

Composition

Name of the Member	No. of Meetings Attended (including Sub Committee)
Mr. Adit Jain - Chairman	2
Mr. Puneet Bhatia	4
Mr. M. M. Chitale	3
Mr. S. M. Bafna	4

Notes:

1. Mr. Ravindra Bahl resigned as a member of the Committee w.e.f November 19, 2009 consequent to his resignation from the Board of Directors of the Company. During the Financial Year ended March 31, 2010, till the time of his resignation, he did not attend any of the meetings of the Committee.

2. The Remuneration/Compensation Committee at its meeting held on October 28, 2009, formed a sub committee comprising of Mr. M. M. Chitale as the Chairman, Mr. S. M. Bafna and Mr. Puneet Bhatia as Members and empowered the Sub Committee to decide on the vesting of stock Options granted to eligible employees under Series I of the Company's Stock Option Plan 2005. The Sub Committee met on January 18, 2010.

Remuneration policy of the Company

For Managing Director

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

The Shareholder at their meeting held on September 09, 2005 appointed Mr. R. Sridhar as the Managing Director of the Company for a period of 5 years commencing from September 15, 2005 to September 14, 2010. Subsequently, the Shareholder at their meeting held on July 31, 2008 revised his remuneration.

As the term of office of the Managing Director will be expiring on September 14, 2010, Remuneration and Compensation Committee as well as the Board of Directors have recommended his re-appointment for a further term of five years commencing from September 15, 2010. The terms of his appointment are given in the notice dated April 29, 2010 convening the 31st Annual General Meeting.

Approval of the Shareholder for his appointment and remuneration payable to him is being sought at the ensuing Annual General Meeting to be held on June 15, 2010.

For Non Executive Independent Directors

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

a) Board meeting - Rs. 20,000/-

b) Committee meeting - Rs. 15,000/-

The details of sitting fees/remuneration paid to the Directors during the year 2009 - 10, are as under:

Sr. No.	Name of the Director	Sitting Fees for attending Meetings (Rs.)	Salary, Perquisites & ESOS (Rs.)	Commission (Rs.)	Total (Rs.)
1	Mr. Arun Duggal Chairman	1,00,000	-	-	1,00,000
2	Mr. R. Sridhar # Managing Director	-	72,60,739.18	-	72,60,739.18
3	Mr. M. S. Verma	1,25,000	-	-	1,25,000
4	Mr. S. M. Bafna	8,05,000	-	-	8,05,000
5	Mr. M. M. Chitale	2,10,000	-	-	2,10,000
6	Mr. Adit Jain	90,000	-	-	90,000
7	Mr. S. Lakshminarayanan $	40,000	-	-	40,000
8	Mr. Puneet Bhatia	-	-	-	-
9	Mr. Ranvir Dewan	-	-	-	-
10	Mr. S. Venkatakrishnan	-	-	-	-
11	Mr. Ravindra Bahl *	-	-	-	-
12	Dr. T. S. Sethurathnam @	80,000	-	-	80,000

Notes:

Mr. R. Sridhar was appointed as the Managing Director of the Company for a period of 5 years with effect from September 15, 2005. His remuneration includes salary and incentive of Rs. 45,46,250/- p.a, Perquisites of Rs. 718,755.20, contribution to Provident Fund of Rs. 9,360/- and applicable discount of Rs. 19,86,373.98 on Stock Options. The appointment may be terminated by giving three months notice in writing or salary in lieu thereof. No severance fees are payable on termination of employment.

$ Mr. S. Lakshminarayanan was appointed as an Additional Director of the Company with effect from September 22, 2009.

* Mr. Ravindra Bahl resigned as a Director of the Company with effect from November 19, 2009.

@ Dr. T. S. Sethurathnam resigned as a Director of the Company with effect from November 11, 2009.

Details of Shares / Warrants held by the Directors as on March 31, 2010, are as below:

Name of the Director	Share / Warrant holdings
Mr. Arun Duggal Chairman	-
Mr. R. Sridhar Managing Director	1,30,176
Mr. M. S. Verma	-
Mr. S. M. Bafna	1,200
Mr. M. M. Chitale	-
Mr. Adit Jain	-
Mr. S. Lakshminarayanan	-
Mr. Puneet Bhatia	-
Mr. Ranvir Dewan	-
Mr. S. Venkatakrishnan	4,448

During the year ended March 31, 2010, the Committee granted, in aggregate, 50,000 Options under the Company's ESOS to 8 eligible senior managerial personnel, including the Managing Director, at its meeting held on May 13, 2009. Thus, the total number of Options granted under the Company's ESOS upto March 31, 2010, is 49,41,000.

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Terms of reference

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

The Committee in particular looks into:

- The listing of securities on stock exchanges.
- The Shareholder' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividends and matters related thereto.
- The matters that can facilitate better investor services and relations.
- Attending to investors' queries and complaints regarding transfer, dividend, annual reports, etc.
- Attending to complaints of investors routed by SEBI/ Stock Exchanges/RBI.
- The amounts transferable to Investor Education and Protection Fund.
- The profile of investors.
- Taking decisions in connection with issue of global depository receipts, and
- The secretarial audits.

During the year, the Committee met 4 times on May 13, 2009, July 28, 2009, October 28, 2009 and January 18, 2010.

Composition

Name of the Member	No. of Meetings Attended
Mr. M. M. Chitale – Chairman *	4
Mr. R. Sridhar	4

* Mr. M. M. Chitale was appointed as a Member and the Chairman of the Committee by the Board of Directors at its meeting held on April 28, 2009, in place of Mr. Sanjay Kukreja.

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

Mr. K. Prakash, Vice President (Corporate Affairs) & Company Secretary, is the Compliance Officer. During the year ended March 31, 2010, the Company received 12 complaints relating to equity shares. These complaints have been attended on time and none of the complaints were pending for a period exceeding 30 days.

BANKING AND FINANCE COMMITTEE

Terms of Reference

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

During the year under review, the Committee met 19 times.

Composition

Name of the Member	No. of Meetings Attended
Mr. R. Sridhar - Chairman	19
Mr. S. M. Bafna	12
Mr. Parag Sharma	7
Mr. Vinay Kelkar	7

Notes:

1. Mr. S.M. Bafna ceased to be a member of the Committee w.e.f. October 28, 2009 consequent to the reconstitution of the Committee, during the Financial Year ended March 31, 2010. Till the time of his resignation from the Committee, he attended twelve meetings of the Committee.

2. Mr. Parag Sharma (Chief Financial Officer) and Mr. Vinay Kelkar (Executive Director) were appointed as members of the Committee w.e.f. October 28, 2009.

ASSET LIABILITY MANAGEMENT COMMITTEE

Terms of reference

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

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

During the year under review, the Committee met four times on May 12, 2009, July 24, 2009, October 28, 2009 and January 12, 2010.

Composition

Name of the Member	No. of Meetings Attended
Mr. R. Sridhar – Chairman	4
Mr. Ranvir Dewan	4
Mr. Parag Sharma	4

GENERAL BODY MEETINGS

Details of location and time of holding the last three AGMs:

Year	AGM	Location	Date & Time
2006-07	28th AGM	Rani Seetha Hall, 603 Anna Salai, Chennai – 600 006.	August 17, 2007 11:00 A.M.
2007-08	29th AGM	Sri Krishna Gana Sabha,No.20, Maharajapuram, Santhanam Salai (Griffith Road), T Nagar, Chennai – 600 017.	July 31, 2008 3:00 P.M.
2008-09	30th AGM	Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai - 600 018	July 24, 2009 4:00 P.M.

a) At the 28th AGM held on August 17, 2007, no special resolution was passed.

b) At the 29th AGM held on July 31, 2008, a special resolution was passed for obtaining the approval of Shareholder for alteration of the Articles of Association of the Company for bringing therein the rights, privileges and obligations of Private Equity Investors, consequent to the preferential allotment made on December 14, 2007. The resolution was put to vote by show of hands and it was passed unanimously.

c) At the 30th AGM held on July 24, 2009, special resolution was passed whereby Article 36 of the Articles of Association of the Company relating to use of Common Seal was modified.

d) Postal Ballot – During the year 2008-09, no resolution was passed through Postal Ballot. No special resolution is proposed to be conducted through postal ballot at the ensuing AGM.

e) During the financial year ended March 31, 2010, a Special Resolution under Section 192A, Section 81 (1A) and other applicable provisions of the Companies Act, 1956, was passed through postal ballot on December 14, 2009. The postal ballot was conducted by M/s. V. Mahesh & Associates (Company Secretaries) and the details of the voting pattern thereat are as follows:

Total of Number of Postal Ballots Received : 2627

Number of ballots received in Defaced or Mutilated Form: NIL

	TOTAL	VOTED FOR	VOTED AGAINST	INVALID
Number of postal ballots received	2627	2527	68	32
Number of shares	125331801	109145849	16166668	19284
% on total votes (approximate)	100.00	87.09	12.90	0.01

SUBSIDIARY COMPANIES

During the Financial Year ended March 31, 2010, the Company incorporated two wholly owned subsidiaries by name Shriram Equipment Finance Company Limited and Shriram Automall India Limited on December 15, 2009 and February 11, 2010 respectively.

Shriram Equipment Finance Company Limited (SEFCL) received the Certificate of Commencement of Business from the Registrar of Companies, Tamil Nadu on December 23, 2009 and has applied to Reserve Bank of India (RBI) for registration as a Non-Banking Finance Company (Non-Deposit Taking). SEFCL will be engaged in the business of hire purchase/ loan financing of equipments, especially construction equipments.

Shriram Automall India Limited (SAIL) received the Certificate of Commencement of Business from the Registrar of Companies, Tamil Nadu on April 16, 2010. SAIL intends to develop pre-owned commercial vehicle hubs across India called “Automalls” designed to provide a trading platform for the sale of pre-owned commercial vehicles, showrooms for branded new and refurbished pre-owned commercial vehicles, as well as commercial vehicles repossessed by financing companies. They intend to provide electronic advertising and trading infrastructure in these “Automalls”, and to utilize this platform for marketing of various financial products. Through these ‘Automalls’, they intend to set up a one-stop shop catering to the various needs of commercial vehicle owners, including through the provision of workshop facilities and to provide electronic advertising and trading infrastructure in these ‘Automalls’, such as

touch-screen kiosks, through which customers will be able to access real-time information on pre-owned vehicles available for sale.

These subsidiary companies are non-material unlisted subsidiaries of the Company.

The Company has made necessary application to the Central Government u/s 212 (8) of the Companies Act, 1956 read with Rule 7D of the Companies (Central Government) General Rules and Forms, 1956 seeking exemption from attaching the annual accounts of its subsidiaries to the Annual Report of the Company. However, the consolidated financial statement attached to this Annual Report is prepared in compliance with Accounting Standard and Listing Agreement. Further, the annual accounts of the subsidiaries shall be available on the website of the Company viz. www.stfc.in and shall also be provided to the Shareholders on their written request to the Company.

DISCLOSURES

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

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

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

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

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

a. The Company has set up a Remuneration Committee. Please see para on Remuneration/ Compensation Committee for details.

b. The Company has adopted the Whistle Blower Policy.

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

CERTIFICATION BY MANAGING DIRECTOR AND PRESIDENT – FINANCE

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

MEANS OF COMMUNICATION

The audited financial results, the quarterly results and half-yearly results of the Company are published in English (The Economic Times) and Tamil newspapers (Makkal Kural).

From the quarter ended September 30, 2002, in compliance of Clause 51 of the Listing Agreement, all data relating to quarterly financial results, shareholding patterns, etc. are filed within the time stipulated therefor on Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebiedifar.nic.in maintained by National Informatics Centre (NIC), online.

Consequent to the amendment in the Listing Agreement dated April 16, 2010 the Company will be discontinuing filing of Electronic Data Information Filing and Retrieval (EDIFAR) on the aforesaid site w.e.f April 01, 2010

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

31st Annual General Meeting	
a. Date and Time	June 15, 2010 at 11.00 A.M.
b. Venue	Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai - 600 018
c. Book Closure Date	June 05, 2010 to June 15, 2010 (both days inclusive)
d. Dividend	An Interim Dividend of 20% was declared by the Board of Directors at its meeting held on October 28, 2009 and the payments thereof were effected on November 20, 2009. The payment of final dividend, upon declaration by the Shareholder at the Annual General Meeting, will be made on or after June 19, 2010.
e. Financial Calendar	2010-2011
Annual General Meeting	September 2011
Unaudited results for the quarter ending June 30, 2010	Second week of August 2010
Unaudited results for the quarter/ half - year ending September 30, 2010	Second week of November 2010
Unaudited results for the quarter ending December 31, 2010	Second week of February 2011
Audited results for the year ending March 31, 2011	May 2011
f. Stock Code	
Trading Symbol at Madras Stock Exchange Limited	SRIRAMTRAN
Bombay Stock Exchange Limited	511218
National Stock Exchange of India Limited	SRTRANSFIN
Demat ISIN in NSDL & CDSL	INE721A01013

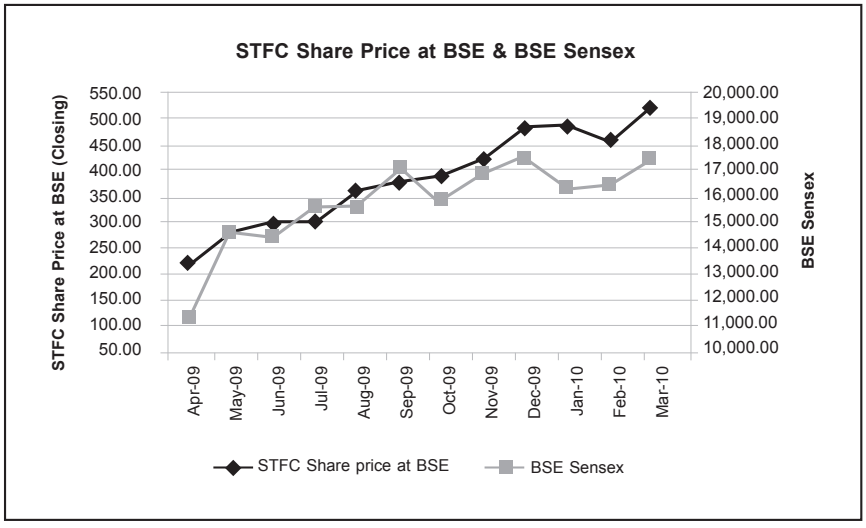
GENERAL SHAREHOLDER INFORMATION

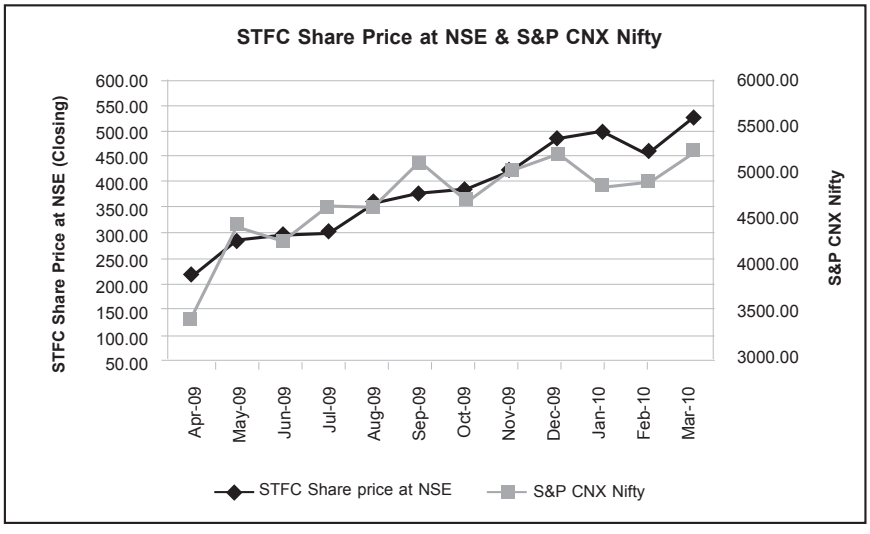
g. Stock Market Data

The high and low market price and volume of shares traded during each month of the financial year ended March 31, 2010, are given below:

Months	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	Share Prices		Volume	Share Prices		Volume
	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	
April 09	233.00	178.00	17,68,351	232.50	180.00	1,09,83,526
May 09	320.00	224.00	18,11,200	320.00	221.00	1,20,83,483
June 09	315.00	281.05	32,76,340	342.00	282.00	49,32,696
July 09	326.00	284.00	19,10,360	325.00	285.10	22,66,201
August 09	384.50	300.00	35,00,818	399.40	297.00	1,24,08,162
September 09	411.75	352.05	95,98,53	409.90	350.00	1,06,78,719
October 09	416.00	362.15	39,29,442	414.75	362.60	55,31,229
November 09	454.70	375.25	5,98,365	454.45	376.10	20,44,369
December 09	525.00	417.00	12,93,304	505.00	418.00	37,74,536
January 10	522.00	455.00	23,26,866	524.40	455.25	67,38,738
February 10	526.00	427.05	7,41,952	526.00	426.50	38,35,825
March 10	554.80	456.30	17,68,456	556.00	453.60	82,28,222

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





i. Registrar and Share Transfer Agents

The Registrar and Share Transfer Agents of the Company are:

Integrated Enterprises (India) Limited
2nd Floor, Kences Towers, No. 1, Ramakrishna Street North Usman Road, T Nagar,
Chennai - 600 017
Ph: 044 - 2814 0801 - 03 Fax no: 044 – 28142479
Email: corpserv@iepindia.com

j. Share Transfer System:

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

k. Distribution of shareholding as on March 31, 2010:

No. of Equity shares	Holders	%	Shares	%
1 - 500	29704	76.95	55283780	2.45
501 - 1000	5448	14.11	40712800	1.81
1001 - 2000	1904	4.93	27673030	1.23
2001 - 3000	600	1.55	15025490	0.67
3001 - 4000	216	0.56	7591530	0.34
4001 - 5000	166	0.43	7550560	0.33
5001 - 10000	257	0.67	18163050	0.81
10001 and above	309	0.8	2083177940	92.36
Total	**38604**	**100.00**	**2255178180**	**100**

l. Dematerialisation of shares and liquidity

The Company's scrip forms part of the compulsory Demat segment for all investors effective from July 24, 2000. To facilitate the investors in having an easy access to the demat system, the Company has signed up with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through Integrated Enterprises (India) Limited. As on March 31, 2010, the total of 21,65,75,456 equity shares constituting 96.03% of the paid up capital, have been dematerialised.

m. The Company has not issued any GDRs/ADRs, warrants or other instruments which are pending for conversion.

n. Address for correspondence & Registered Office:

Registered Office:

123, Angappa Naicken Street, Chennai 600 001
Phone: 044 - 25341431

Head Office:

Wockhardt Towers, Level-3, West Wing, C-2, G-Block, Bandra-Kurla Complex, Bandra – (East), Mumbai – 400 051. Phone: 022 – 40959595,
Fax: 022 – 40959596/97, Website: www.stfc.in

Email ID for Investor Grievance:

The following email ID has been designated for communicating investors' grievances.
secretarial@stfc.in

o. List of Branches

List of branches are mentioned in the "Our Reach" Section on page no. 6 in the Annual Report.

PROFILE OF DIRECTORS BEING REAPPOINTED AT THE ENSUING ANNUAL GENERAL MEETING

Mr. S. M. Bafna

Mr. S. M. Bafna is a non-executive Director on our Board. Mr. Bafna is a science graduate from Bombay and began his career in the year 1984. Mr. Bafna has over 25 years of experience in the automobile industry. He thereafter started independent dealership of Tata Motors at Ratnagiri, Maharastra in the year 1995 and Mumbai dealership in the year 2001. His company has been one of the leading dealers for Tata Motors Limited. He also holds dealerships of vehicles manufactured by Honda, Hyundai and Maruti Udyog Limited.

Mr. M. S. Verma

Mr. M. S. Verma is a non-executive Director on our Board. A career banker, with over fifty years of experience in banking and finance, Mr. Verma retired as the Chairman of India's largest commercial bank, State Bank of India in 1998 and has since then served as advisor to the RBI, non-executive Chairman, IDBI Bank and Chairman of the Country's Telecommunication Regulatory Body, the Telecom Regulatory Authority of India (TRAI). Currently, he is on the Board of Directors of several public and private limited companies and is a member of governing board/council of educational and research institutions of national and international importance like the National Council of Applied Economic Research (NCAER), Institute of Economic Growth (IEG) and Jawaharlal Nehru University (JNU).

PROFILE OF DIRECTOR PROPOSED FOR APPOINTMENT AS A DIRECTOR AT THE ENSUING ANNUAL GENERAL MEETING

Mr. S. Lakshminarayanan

Mr. S. Lakshminarayanan is a non-executive Director on our Board. He holds master's degree in Science in Chemistry and post graduate diploma from University of Manchester (U.K.) in Advanced Social & Economic Studies. Mr. Lakshminarayanan is a member of the Indian Administrative Service (IAS-retired) and as such held several senior positions in the Ministry of Home Affairs, Ministry of Communications and Information Technology, Ministry of Information and Broadcasting of the Government of India and in the Department of Tourism, Culture and Public Relations, Department of Mines, Mineral Resources, Revenue and Relief and Rehabilitation of the Government of Madhya Pradesh. He has served as the Managing Director of the State Apex Cooperative Bank and Cooperative Oilseed Growers Federation Limited and has served as Director on the Board of Directors of several Public Sector Undertakings in the State of Madhya Pradesh. Currently, he is on the Board of Sun Group Enterprises Private Limited and Biopure Health Care Private Limited.

CEO/CFO CERTIFICATION

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

a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2010 and that to the best of our knowledge and belief;

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit committee

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

R. SRIDHAR
Managing Director

Mumbai
April 29, 2010

PARAG SHARMA
Chief Financial Officer

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

The Board of Directors of Shriram Transport Finance Company Limited at its Meeting held on January 05, 2005 adopted Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2010.

R. SRIDHAR
Managing Director

Mumbai
April 29, 2010

Certificate on Corporate Governance

TO

THE MEMBERS OF SHRIRAM TRANSPORT FINANCE COMPANY LIMITED,

We S.R.Batliboi & Co. ("SRB") and G.D.Apte & Co. ("GDA") have jointly examined the compliance of conditions of Corporate Governance by Shriram Transport Finance Company Limited ('the Company'), for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S. R. BATLIBOI & Co.
Firm registration number: 301003E
Chartered Accountants

per Shrawan Jalan
Partner
Membership No.: 102102

Mumbai
April 29, 2010

For G.D. Apte & Co.
Firm registration number: 100515W
Chartered Accountants

U.S. Abhyankar
Partner
Membership No.: 113053

Mumbai
April 29, 2010

Financial Statements

Auditors' Report

To,
The Members of
Shriram Transport Finance Company Limited

1. We S.R.Batliboi & Co. ("SRB") and G.D.Apte & Co. ("GDA") have jointly audited the attached Balance Sheet of Shriram Transport Finance Company Limited ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. 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;
   iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
   v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Act.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R.BATLIBOI & Co.
Firm registration No.: 301003E
Chartered Accountants
per Shrawan Jalan
Partner
Membership No.: 102102
Mumbai, April 29, 2010

For G. D. Apte & Co.
Firm registration No.: 100515W
Chartered Accountants
U. S. Abhyankar
Partner
Membership No: 113053
Mumbai, April 29, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: Shriram Transport Finance Company Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) During the year, the Company has disposed off a substantial part of the plant and machinery. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of plant and machinery has not affected the going concern status of the Company.

(ii) The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of giving loans and does not maintain any inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.

(iii) As informed, the Company has not granted or taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore the provisions of clause 4(iii) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. As informed, the Company has not made any purchase of inventory and/or sold goods during the year. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question on commenting on whether there is a continuing failure to correct major weakness in the internal control system of the company does not arise.

(v) According to the information and explanation provided by the management, we are of the opinion that there are no transactions or contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 of the Act.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty,

excise duty, cess and other undisputed statutory dues have been regularly deposited with the appropriate authorities.

Further, Section 441A of the Act has not been notified by the Central Government of India upto the reporting date, and accordingly, as at the reporting date there is no statutory due payable under section 441A of the Act.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	15.72	A.Y. 2000-01	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	16.23	A.Y. 2001-02	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax demands	4,204.04	A.Y. 2007-08	CIT (Appeals)
Finance Act, 1994 (Service Tax)	Service tax on hire purchase and lease transactions	8,406.10	2001-02 to 2007-08	Supreme Court
Finance Act, 1994 (Service Tax)	Service Tax demands	300.00	2003-04 & 2004-05	Commissioner of Central Excise and Customs
Andhra Pradesh Value Added Tax	Value Added Tax	348.41	2004-05 to 2008-09	Andhra Pradesh High Court.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries

have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained other than funds temporarily invested pending utilization of the funds for the intended use.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and considering the nature of the business and activity being carried on, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 5,550 and 17,715,234 secured non convertible debentures of Rs.1,000,000 and Rs.1,000 each respectively. The Company has created security or charge in respect of debentures issued.

(xx) According to the information and explanations given to us, we have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no frauds on or by the Company were noticed / reported during the year though there has been one instance of cash embezzlement by an employee of the Company aggregating Rs. 26.07 lacs reported during the year. The Company has initiated legal action against such employee and the contract of service has been terminated. The amount involved as aforesaid has been fully written off.

For S.R.BATLIBOI & Co.
Firm registration
No.: 301003E
Chartered Accountants
per Shrawan Jalan
Partner
Membership No.: 102102
Mumbai, April 29, 2010

For G. D. Apte & Co.
Firm registration
No.: 100515W
Chartered Accountants
U. S. Abhyankar
Partner
Membership No: 113053
Mumbai, April 29, 2010

Balance Sheet
as at March 31, 2010

(Rs. in lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	22,554.18	20,353.56
Share application money pending allotment		5.22	13.80
Stock option outstanding	2	757.02	2,138.90
Optionally convertible warrants		-	2,400.00
Reserves and surplus	3	360,922.10	206,757.34
Loan Funds			
Secured loans	4	1,517,248.07	1,677,459.31
Unsecured loans	5	328,742.89	334,671.85
Total		**2,230,229.48**	**2,243,794.76**
APPLICATION OF FUNDS			
Fixed and intangible assets	6		
Gross block		9,762.22	24,050.08
Less : Accumulated depreciation and amortisation		5,117.71	10,051.63
Less : Impairment provision		-	571.88
Net block		4,644.51	13,426.57
Investments	7	185,601.67	65,476.33
Deferred tax Assets (net) (Refer note 2 (10) of Schedule 21)		7,472.13	2,639.48
Current Assets, Loans and Advances			
Current assets	8		
- Inventories		-	126.81
- Assets under financing activities		1,796,495.25	1,795,350.47
- Sundry debtors		-	399.24
- Cash and Bank Balances		453,733.21	578,489.69
- Other current assets		5,024.86	3,733.95
		2,255,253.32	2,378,100.16
Other loans and advances	9	240,963.09	40,306.00
		2,496,216.41	2,418,406.16
Less : Current Liabilities & Provisions			
Current liabilities	10	390,860.61	212,883.25
Provisions	11	76,553.32	43,270.53
		467,413.93	256,153.78
Net Current Assets		2,028,802.48	2,162,252.38
Miscellaneous expenditure (to the extent not written off or adjusted)	12	3,708.69	-
Total		**2,230,229.48**	**2,243,794.76**
Significant Accounting Policies and Notes to Accounts	21		
The schedules referred to above form and integral part of the Balance Sheet.			

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

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

U. S. Abhyankar
Partner
Membership No. 113053

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2010

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Profit & Loss Account

for the year ended March 31, 2010

(Rs. in lacs)

	Schedule	Year Ended March 31, 2010	Year Ended March 31, 2009
INCOME			
Income from operations	13	440,282.74	365,918.77
Other income	14	9,681.08	7,194.20
Total		**449,963.82**	**373,112.97**
EXPENDITURE			
Interest & other charges	15	224,678.93	197,767.21
Raw material consumed	16	-	687.17
Personnel expenses	17	22,508.15	20,053.60
Operating & other expenses	18	27,258.22	27,925.50
Depreciation and amortisation		1,495.84	3,480.59
Impairment Loss/(reversals) on fixed assets		-	560.87
Share & Debenture issue expenses written off	19	498.70	-
Provisions & write offs (net)	20	41,064.86	30,574.92
Total		**317,504.70**	**281,049.86**
Profit before taxation		**132,459.12**	**92,063.11**
Provision for taxation			
Current tax		49,980.03	34,998.86
Deferred tax (Refer note 2(10) of Schedule 21)		(4,832.65)	(4,477.15)
Fringe benefit tax		-	301.19
Total tax expense / (income)		**45,147.38**	**30,822.90**
Net profit after tax		**87,311.74**	**61,240.21**
Balance brought forward from previous year		58,309.25	27,486.21
Profit available for appropriation		**145,620.99**	**88,726.42**
APPROPRIATIONS:			
Interim dividend		4,254.76	2,035.03
Final dividend (Refer note 2(3) of Schedule 21)		325.18	10.52
Proposed Final dividend		9,020.71	8,140.46
Tax on dividend		778.36	347.69
Tax on proposed dividend		1,498.25	1,383.47
Transfer to debenture redemption reserve		10,442.08	-
Transfer to statutory reserve		17,500.00	12,300.00
Transfer to general reserve		8,800.00	6,200.00
Surplus carried to Balance Sheet		**93,001.65**	**58,309.25**
Earnings per share (Refer note 2(9) of Schedule 21)			
Basic (Rs.)		41.09	30.11
Diluted (Rs.)		40.92	28.64
Nominal Value of Equity Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	21		
The schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

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

U. S. Abhyankar
Partner
Membership No. 113053

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2010

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Cash Flow Statement

for the year ended March 31, 2010

(Rs. in lacs)

	Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before taxes	132,459.12	92,063.11
	Depreciation and amortisation	1,495.84	3,480.59
	Issue expenses for equity shares	25.28	-
	Public issue expenses for non convertible debentures	473.42	-
	(Profit) / loss on sale of fixed assets (net)	(62.40)	87.77
	(Profit) / loss on sale of current and long term investments (net)	(1,812.65)	(512.61)
	Interest income on current and long term investments and interest income on fixed deposits	(3,178.28)	(2,767.69)
	Dividend income	(874.71)	(486.91)
	Employees Stock option compensation cost	341.30	580.57
	Provision for impairment of windmill	-	560.87
	Provision for hedging contracts	-	(705.44)
	Provision for credit loss on securitisation	7,971.84	4,464.01
	Provisions for non performing assets and bad debt written off	33,622.02	26,794.90
	Provision for gratuity	148.71	141.16
	Provision for leave encashment	146.44	227.65
	Provision for diminution in value of investments	20.34	81.14
	Operating profit before working capital changes	**170,776.27**	**124,009.12**
	Movements in working capital:		
	(Increase) / decrease in current assets:		
	(Increase) / decrease in inventories	126.81	(60.28)
	(Increase) / decrease in assets under financing activities	(19,813.77)	(294,777.85)
	(Increase) / decrease in sundry debtors	399.24	(151.13)
	(Increase) / decrease in other current assets	(1,008.93)	(835.19)
	(Increase) / decrease in other loans and advances	(201,034.75)	(22,878.25)
	Increase / (decrease) in current liabilities	185,950.33	74,207.62
	Cash generated from operations	**135,395.20**	**(120,485.97)**
	Direct taxes paid (net of refunds)	(48,629.16)	(35,067.48)
	Net cash used in operating activities (A)	**86,766.04**	**(155,553.45)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Investment in Fixed deposits (net)	(88,988.21)	(47,214.27)
	Purchase of fixed and intangible assets	(624.86)	(3,369.47)
	Proceeds from sale of fixed assets	7,973.48	78.10
	Purchase of Investment	(2,501,835.74)	(64,790.83)
	Purchase of investment in subsidiary company	(220.00)	-
	Proceeds from sale of investments in subsidiary company	5.00	-
	Proceeds from sale of investments	2,383,738.05	138,339.14
	Interest received on current and long term investments and interest on fixed deposits	2,896.30	2,825.79
	Dividend received	874.71	486.91
	Net cash used in investing activities (B)	**(196,181.27)**	**26,355.37**

Cash Flow Statement

for the year ended March 31, 2010

(Rs. in lacs)

	Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity share capital including securities premium & Share application	80,799.14	124.09
	Increase / (decrease) in bank borrowings (net)	(110,368.28)	320,120.96
	Increase / (decrease) in long term borrowings from others (net)	(68,604.27)	(41,471.04)
	Increase / (decrease) in fixed deposits (net)	10,991.06	146.45
	Increase / (decrease) in subordinate debts (net)	51,823.24	55,816.44
	Increase / (decrease) in redeemable non convertible debentures (net)	408.53	169,124.14
	Increase / (decrease) in inter corporate deposits and commercial papers (net)	(50,390.48)	31,091.52
	Issue expenses for equity shares paid	(1,415.53)	-
	Public issue expenses for non convertible debentures paid	(2,690.64)	-
	Dividend paid	(12,720.40)	(10,170.96)
	Tax on dividend	(2,161.83)	(1,728.56)
	Net cash from financing activities (C)	**(104,329.46)**	**523,053.04**
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(213,744.69)**	**393,854.96**
	Cash and Cash Equivalents at the beginning of the year	**461,054.26**	**67,199.30**
	Cash and Cash Equivalents at the end of the year	**247,309.57**	**461,054.26**
	Components of Cash and Cash Equivalents	**As at March 31, 2010**	**As at March 31, 2009**
	Cash on hand	7,818.91	7,062.48
	Cheques on hand	2,220.79	1,490.15
	Remittances in transit	9.48	10.16
	With Banks - in Current Account	166,008.69	95,601.30
	- in unpaid dividend accounts *	274.83	165.70
	- in fixed deposits (Original maturity being three months or less)	70,976.87	356,724.47
		247,309.57	**461,054.26**

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
April 29, 2010

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

U. S. Abhyankar
Partner
Membership No. 113053

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
335,000,000 (March 31, 2009 : 335,000,000) Equity Shares of Rs.10/- each	33,500.00	33,500.00
20,000,000 (March 31, 2009 : 20,000,000) Preference Shares of Rs.100/- each	20,000.00	20,000.00
	53,500.00	**53,500.00**
Issued, Subscribed & Fully Paid up		
Equity Shares		
225,517,818 (March 31, 2009 : 203,511,616) equity shares of Rs. 10/- each	22,551.78	20,351.16
Of the above :		
i)79,279,236 (March 31, 2009: 79,279,236) equity shares of Rs.10/- each allotted for consideration other than cash pursuant to the schemes of amalgamation.		
ii) 2,957,800 (March 31, 2009 : 610,150) equity shares of Rs.10/- each have been issued under employee stock option scheme.[Refer note no. 2 (13) of Schedule 21]		
Add : Share forfeiture	2.40	2.40
[48,000 (March 31, 2009: 48,000) equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)]		
	22,554.18	**20,353.56**
SCHEDULE 2 - STOCK OPTION OUTSTANDING		
Employee stock option outstanding	955.97	2,584.88
Less : Deferred employee compensation outstanding	198.95	445.98
	757.02	**2,138.90**
SCHEDULE 3 - RESERVES AND SURPLUS		
Capital Reserve	17.03	17.03
Capital Redemption Reserve	5,388.35	5,388.35
Debenture Redemption Reserve		
Balance as per last account	-	-
Add: Transfer from Profit & Loss Account	10,442.08	-
	10,442.08	-
Securities Premium Account		
Balance as per last account	91,689.29	91,326.94
Add: Amount received during the year	82,730.28	362.35
	174,419.57	91,689.29
Statutory Reserve		
Balance as per last account	33,899.79	21,599.79
Add: Transfer from Profit & Loss Account	17,500.00	12,300.00
	51,399.79	33,899.79
General Reserve		
Balance as per last account	17,453.63	11,253.63
Add: Transfer from Profit & Loss Account	8,800.00	6,200.00
	26,253.63	17,453.63
Balance in Profit & Loss Account	93,001.65	58,309.25
	360,922.10	**206,757.34**

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 4 - SECURED LOANS		
Redeemable non convertible debentures	483,087.87	482,679.34
[Refer note 2(1)(a)(i)(ii)(iii) of Schedule 21]		
Term loans		
i) From Financial institutions / Corporates	12,188.42	44,792.69
[Refer note 2(1)(b)(i)(ii) of Schedule 21]		
ii) From banks	929,935.14	833,363.58
[Refer note 2(1)(b)(iii) of Schedule 21]		
Cash credit from banks including working capital demand loan	92,036.64	316,623.70
[Refer note 2(1)(c) of Schedule 21]		
	1,517,248.07	**1,677,459.31**
SCHEDULE 5 - UNSECURED LOANS		
Fixed deposits	11,479.51	488.44
[Due within one year Rs. 2,705.07 lacs (March 31, 2009 : Rs.179.30 lacs)]		
Inter corporate deposits	16.68	4,657.16
[Due within one year Rs. 14.42 lacs (March 31, 2009 : Rs. 4,638.23 lacs)]		
Subordinated debts		
i) From banks	33,530.00	14,800.00
[Due within one year Rs. Nil (March 31, 2009 : Rs. Nil)]		
ii) From others	173,069.49	139,976.25
[Due within one year Rs. 19,098.45 lacs (March 31, 2009 : Rs.750.37 lacs)]		
Redeemable non-convertible debentures from other than banks	2,500.00	2,500.00
(Redeemable at par on September 25, 2010)		
[Due within one year Rs. 2,500.00 lacs (March 31, 2009 : Rs. 2,500.00 lacs*)]		
Commercial papers (Short Term)		
i) From banks	-	1,500.00
[Due within one year Rs. Nil (March 31, 2009 : Rs 1,500.00 lacs)]		
ii) From others	2,500.00	46,750.00
[Due within one year Rs. 2,500.00 lacs (March 31, 2009 : Rs. 46,750.00 lacs)]		
[Maximum amount raised at anytime during the period :Rs. 48,250.00 lacs (March 31, 2009 : Rs. 96,950.00 lacs)]		
Term loan :		
i) From banks	70,647.21	53,000.00
[Due within one year Rs. 18,000.00 lacs (March 31, 2009 : Rs. 45,000.00 lacs)]*		
ii) From corporates	35,000.00	71,000.00
[Due within one year Rs. 35,000.00 lacs (March 31, 2009 : Rs. 71,000.00 lacs)]*		
	328,742.89	**334,671.85**

*Debentures having put/call option and loans with recall option are considered as due within one year.

Schedules

forming part of the Balance Sheet

SCHEDULE 6 - FIXED AND INTANGIBLE ASSETS															
															(Rs. in lacs)
Particulars	Gross Block				Depreciation / Amortisation				Impairment losses					Net Block	
	As at April 1, 2009	Additions	Deletions	As at March 31, 2010	As at April 1, 2009	For the period	Deletions	As at March 31, 2010	As at April 1, 2009	Additions	Deletions	Reversals	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
ASSETS FOR OWN USE															
Land - Freehold	119.41	-	109.23	10.18										10.18	119.41
Buildings	449.31	-	-	449.31	49.41	7.32	-	56.73		-	-	-	-	392.58	399.90
Plant and Machinery	13,802.95	303.60	10,869.06	3,237.49	6,264.60	406.71	5,312.94	1,358.37	571.88	-	571.88	-	-	1,879.12	6,966.47
Furniture and Fixtures	1,178.58	81.52	10.57	1,249.53	473.19	71.00	5.31	538.88	-	-	-	-	-	710.65	705.39
Vehicles	263.42	-	90.34	173.08	119.64	21.27	41.24	99.67	-	-	-	-	-	73.41	143.78
Leasehold Improvement	3,726.31	175.50	154.07	3,747.74	1,842.57	773.66	139.90	2,476.33	-	-	-	-	-	1,271.41	1,883.74
INTANGIBLE ASSETS								-							-
Computer Software	542.48	64.24	-	606.72	514.08	23.36	-	537.44	-	-	-	-	-	69.28	28.40
TOTAL (A)	**20,082.46**	**624.86**	**11,233.27**	**9,474.05**	**9,263.49**	**1,303.32**	**5,499.39**	**5,067.42**	**571.88**	**-**	**571.88**	**-**	**-**	**4,406.63**	**10,247.09**
ASSETS GIVEN ON OPERATING LEASE															
Land	104.30	-	34.55	69.75	-	-	-	-	-	-	-	-	-	69.75	104.30
Buildings	218.42	-	-	218.42	46.73	3.56	-	50.29		-	-	-	-	168.13	171.69
Plant and Machinery	3,644.90		3,644.90	-	741.41	188.96	930.37	-	-	-	-	-	-	-	2,903.49
TOTAL (B)	**3,967.62**	**-**	**3,679.45**	**288.17**	**788.14**	**192.52**	**930.37**	**50.29**	**-**	**-**	**-**		**-**	**237.88**	**3,179.48**
TOTAL (A)+ (B)	**24,050.08**	**624.86**	**14,912.72**	**9,762.22**	**10,051.63**	**1,495.84**	**6,429.76**	**5,117.71**	**571.88**	**-**	**571.88**	**-**	**-**	**4,644.51**	**13,426.57**
Year ended March 31,2009	**21,008.90**	**3,369.47**	**328.29**	**24,050.08**	**6,733.45**	**3,480.59**	**162.41**	**10,051.63**	**11.01**	**571.88**	**-**	**11.01**	**571.88**	**13,426.57**	**-**

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

	Quantity As at March 31, 2010	Quantity As at March 31, 2009	Amount As at March 31, 2010	Amount As at March 31, 2009
SCHEDULE 7 - INVESTMENTS				
Long Term Investments (At cost)				
Trade				
Shares : Fully paid up				
Unquoted - Preference Share				
Mahaveer Finance India Ltd (10% Cumulative Redeemable Preference Share of Rs 10/- each)	100,000	100,000	10.00	10.00
Other than trade				
A. Government Securities [Refer note (2)8 of Schedule 21]				
Quoted				
12.40% GOI Loan 2013 (Face Value - Rs. 85 Lacs)	85,000	85,000	86.09	86.09
6.13% GOI Loan 2028 (Face Value - Rs. 176 Lacs)	176,000	176,000	178.55	178.55
7.40% GOI Loan 2012 (Face Value - Rs. 13.50 Lacs)	13,500	13,500	15.27	15.27
7.02% GOI 2016 (Face Value-Rs. 400.00 Lacs) (Purchased during the year)	400,000	-	391.30	-
11.50% Tamilnadu Loan 2010 (Face Value - Rs. 0.06 Lacs)	60	60	0.06	0.06
12.00% Tamilnadu Loan 2011 (Face Value - Rs. 3.00 Lacs)	3,000	3,000	3.03	3.03
6.49 % GOI 2015 (Face Value - Rs. 500.00 Lacs) (Purchased during the year)	500,000	-	480.00	-
6.35 % GOI 2020 (Face Value - Rs. 2000.00 Lacs) (Purchased during the year)	2,000,000	-	1,847.00	-
8.24% GOI 2027 (Face Value-Rs. 500.00 Lacs) (Purchased during the year)	500,000	-	496.40	-
B. Shares : Fully paid up				
Unquoted - Equity shares				
State Industrial Investment Corporation of Maharashtra Limited (Face value of Rs.10/- each)	50,000	50,000	40.00	40.00
Credential Finance Limited (Face value of Rs.10/-each)	25,000	25,000	25.00	25.00
Ashley Transport Services Limited (Face value of Rs.100/- each)	225,000	225,000	142.50	142.50
Shriram Equipment Finance Co Ltd (a wholly owned subsidiary) (Face value of Rs.10/- each) (Subscribed during the year)	2,100,000	-	210.00	-
Shriram Automall India Ltd (a wholly owned subsidiary) (Face value of Rs.10/-each) (Subscribed during the year)	50,000	-	5.00	-

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

	Quantity As at March 31, 2010	Quantity As at March 31, 2009	Amount As at March 31, 2010	Amount As at March 31, 2009
C. Pass Through Certificates				
Small Operator Trust	-	-	-	2,322.01
Corporate Loan Securatisation series XXXIII Trust 2006	40	-	4,284.55	-
(Face value Rs. 4,017.84 lacs, annualised yield NSEMIBOR +800 bps subject to floor of 9.20% p.a. and cap of 9.40% p.a.)				
Current Investments (At lower of cost and fair value)				
Other than trade				
a) Quoted - Equity shares Fully paid up				
Shriram Asset Management Company Limited (Face value of Rs.10/-each)*	2,400,000	2,400,000	240.00	240.00
b) Investment in Certificate of Deposit with Banks - Unquoted				
Allahabad Bank	15,000	30,000	14,802.47	28,664.91
Andhra Bank	-	5,000	-	4,839.77
Bank of India	-	5,000	-	4,841.94
Canara Bank	23,500	-	23,112.01	-
Central Bank of India	4,000	-	3,944.22	-
Corporation Bank	12,500	-	12,317.12	-
Exim Bank	-	10,000	-	9,443.88
HDFC Bank Limited	20,000	-	18,830.98	-
ICICI Bank Limited	26,500	-	26,201.29	-
Industrial Development Bank Of India Limited	7,500	5,000	7,400.37	4,819.20
Punjab National Bank	25,000	5,000	24,627.78	4,892.11
State Bank of Mysore	12,000	-	11,646.54	-
State Bank of Patiala	2,500	-	2,427.79	-
State Bank of Travancore	5,000	-	4,911.18	-
Syndicate Bank	17,500	-	17,352.25	-
UCO Bank	-	5,000	-	4,912.01
Union Bank of India	10,000	-	9,572.92	-
			185,601.67	**65,476.33**
Aggregate Value of Quoted Investments				
Cost			3,737.70	523.00
Market Value			4,030.61	535.42
Aggregate Value of Unquoted Investments				
Cost			181,863.97	64,953.33

50,000 equity shares of Rs. 10/- each of Shriram Asset and Equipment Private Limited (wholly owned subsidiary) subscribed and sold during the year (cost Rs. 500,000)

* These shares are subject to restrictive covenants of regulatory authority.

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

SCHEDULE 7 - INVESTMENTS (Contd.)

Details of Investments Purchased and Redeemed during the year ended March 31, 2010
Current Investment (At Cost)

Investments In Mutual Fund	Quantity	Amount
AIG India Liquid Fund Super Institutional Daily Dividend	899,100.90	9,000.00
AIG India Liquid Fund Super Institutional Growth	1,064,671.96	12,500.00
Axis Liquid Fund - Growth	4,405,630.20	44,500.00
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	99,937,039.67	10,000.00
Baroda Pioneer Liquid Fund - Institutional Growth Plan	95,736,939.52	10,000.00
Bharti AXA Liquid Fund-Super Institutional Daily Dividend Plan	1,500,000.00	15,000.00
Bharti AXA Liquid Fund-Super Institutional Growth Plan	1,371,440.87	15,000.00
Birla Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	194,620,490.04	19,500.00
Birla Sunlife Cash Plus- Instl Prem Growth Plan	219,648,862.73	32,000.00
Black Rock Liquidity Fund-Institutional Plan -Daily Dividend	949,810.04	9,500.00
Canara Robeco Liquid Super Institutional Growth Fund	207,735,951.68	23,000.00
DBS Chola Instititional-Daily Dividend Reinvestment Plan	123,710,932.09	12,500.00
DBS Chola Liquid Super Institutional Plan Cumulative - Growth	92,503,020.15	11,500.00
DSP Blackrock Cash Manager Fund- Institutional Growth	86,480.04	1,000.00
DSP Blackrock Liquidity Fund- Institutional Growth	1,954,495.06	25,500.00
DWS Insta Cash Plus Fund- Super Institutional Plan Growth	304,373,588.11	36,000.00
DWS Insta Cash Plus Fund-Super Instiutional Plan Daily Dividend	284,158,596.39	28,500.00
Fortis Money Plus Institutional Growth	72,741,556.52	10,000.00
Fortis Overnight Institutional Plus Daily Dividend	254,923,522.94	25,500.00
Fortis Overnight Institutional Plus Growth	582,842,031.66	65,000.00
GCCD IDFC Cash Fund-Super Inst Plan C - Growth	311,067,850.42	34,500.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	69,982,504.37	7,000.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	49,987,503.12	5,000.00
HDFC Liquid Fund Premium Plan -Dividend - Daily Reinvestment	285,485,897.00	35,000.00
HDFC Liquid Fund Premium Plan Growth	437,250,379.74	80,000.00
HSBC Cash Fund - Institutional Plus - Growth	138,829,680.29	19,500.00
HSBC Cash Fund-Institutional Plus-Daily Dividend	114,935,636.04	11,500.00
ICICI Prudential Flexible Income Plan Premium - Growth	5,882,266.44	10,000.00
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	130,424,059.39	85,000.00
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend	399,923,016.01	40,000.00
ING Liquid Fund Super Insitutional - Daily Dividend Option	94,954,421.88	9,500.00
ING Liquid Fund Super Institutinal Growth Option	180,006,270.97	24,500.00
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend (92)	144,761,144.11	14,500.00
JM High Liquidity Fund - Super Institutional Plan Growth	220,782,313.01	31,500.00
JP Morgan India Liquid Fund Super Insti Growth Plan	211,914,852.79	25,000.00
JPLDI-JP Morgan India Liquid Fund-Super Inst. Daily Dividend Plan-Reinvestment	169,865,806.01	17,000.00
Kotak Liquid - Institutional Premium - Growth	362,189,588.47	67,000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	155,379,821.89	19,000.00
L&T Liquid Super Institutional Plan - Cumulative - Growth	31,704,582.40	4,000.00

Schedules

forming part of the Balance Sheet

		(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)		
LIC Mutual Fund Liquid Fund - Dividend Plan	72,859,081.43	8,000.00
LIC Mutual Fund Liquid Fund - Growth Plan	867,957,627.39	145,500.00
NLFSD Canara Robeco Liquid Super Instt Daily Dividend Reinvestment Fund	129,469,176.38	13,000.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan-Dividend Reinvestment Daily	174,987,750.86	17,500.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan Growth	133,918,506.55	19,000.00
Reliance Liquid Fund - Growth Option	613,863,994.07	84,500.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	449,860,543.24	45,000.00
Religare Liquid Fund Super Institutional Daily Dividend	259,833,706.43	26,000.00
Religare Liquid Fund Super Institutional Growth	446,401,969.42	56,000.00
SBI - Magnum Insta Cash Fund - Daily Dividend Option	89,655,843.34	11,000.00
SBI Magnum Insta Cash Fund - Cash Option - Growth	341,591,864.72	69,500.00
SBI Premium Liquid Fund - Super Institutional - Growth	104,911,718.01	15,000.00
SBNPP Money Fund Super Instituional Growth	67,616,736.57	13,000.00
SBNPP Money Fund Super Institutional Daily Dividend Reinvestment	74,291,997.27	7,500.00
Shinsei Liquid Fund Institutional Daily Dividend Plan	130,504,917.24	18,500.00
Shinsei Liquid Fund Institutional Growth	11,116,207.32	13,500.00
Shinsei Treasury Advantage Fund Growth	100,000.00	1,000.00
Tata Liquid Super High Investent Fund -Daily Dividend	3,633,851.34	40,500.00
Tata Liquid Super High Investment Fund - Appreciation	5,754,507.77	97,000.00
Taurus Liquid Fund Super Institutional Daily Dividend Plan	74,999,800.00	7,500.00
Taurus Liquid Fund Super Institutional Growth	145,336,802.75	20,000.00
Templeton India Treasury Management Account Super Institutional Plan - Growth	1,038,614.51	14,000.00
Templeton India Treasury Management Acount Super Institutional Plan-Daily Dividend Reinvestment	1,249,159.32	12,500.00
UTI Floating Rate Fund - Short Term Plan - Institutional Growth Option	967,736.91	10,000.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1,471,387.83	15,000.00
UTI Liquid Cash Plan Institutional - Growth Option	4,432,338.36	66,500.00
TOTAL	**10,268,317,593.92**	**1,801,500.00**
Investment in Certificate Of Deposit	**Quantity**	**Amount**
Allahabad Bank	22,500	22,014.28
Andhra Bank	28,500	28,223.37
Axis Bank Limited	14,500	14,154.67
Bank of Baroda	500	499.24
Bank of India	10,000	9,862.09
Bank of Maharashtra	5,000	4,994.73
Canara Bank	40,000	39,436.86
Central Bank of India	2,500	2,420.62
Corporation Bank	35,000	34,496.86
Federal Bank Limited	5,500	5,388.88

Schedules

forming part of the Balance Sheet

		(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)		
ICICI Bank Limited	28,000	27,165.75
IDBI Bank Limited	5,000	4,817.10
IndusInd Bank Limited	12,500	12,412.09
Jammu & Kashmir Bank	500	499.79
Kotak Mahindra Bank Limited	4,500	4,391.76
Oriental Bank of Commerce	5,000	4,963.36
Punjab & Sind Bank	40,000	39,617.53
Punjab National Bank	88,000	85,911.59
State Bank of Bikaner and Jaipur	5,000	4,805.90
State Bank of Hyderabad	16,500	16,218.89
State Bank of Mysore	10,000	9,749.63
State Bank of Patiala	10,000	9,734.63
State Bank of Travancore	9,000	8,581.11
Syndicate Bank	29,900	29,630.78
United Bank of India	72,500	71,679.28
Yes Bank	22,500	21,799.91
TOTAL	**522,900**	**513,470.70**
Details of Investments Purchased and Redeemed during the year ended March 31, 2009		
Current Investment (At Cost)		
Investments In Mutual Fund	**Quantity**	**Amount**
ABN AMRO Cash Fund-Institutional Plus-Daily Dividend	95,000,000	9,500.00
AIG India Liquid Fund Super Institutional Daily Dividend	2,897,595	29,000.00
AIG India Treasury Plus Fund Super Institutional Daily Dividend	49,945,060	5,000.00
Baroda Pioneer Fund - Institutional Daily Dividend Plan	69,971,668	7,000.00
Bharti Axa Liquid Fund-Super Institutional Daily Dividend Plan	2,699,993	27,000.00
Birla Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	89,824,842	9,000.00
Birla Sun Life Cash Plus-Institutional Premeum-Daily Dividend-Reinvestment	94,815,111	9,500.00
Canara Robeco Liquid Super Instt Daily Dividend Reinvest Fund	9,959,167	1,000.00
DBS Chola Short Term Floating Rate Fund-Daily Dividend Reinvestment Plan	84,718,589	8,500.00
DSP Merrill Lynch/Black Rock Liquidity Fund-Institutional-Daily Dividend	899,820	9,000.00
DWS Insta Cash Plus Fund-Super Instiutional Plus Daily Dividend	419,161,677	42,000.00
Edelweiss Liquid Fund-Super Instiutional-Dividend Plan(Daily)-Reinvestment	50,000,000	5,000.00
Franklin-Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	4,546,994	45,500.00
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	122,351,099	15,000.00
HDFC Liquid Fund Premium Plan -Dividend - Daily Reinvestment	159,056,428	19,500.00
HSBC Cash Fund-Institutional Plus-Daily Dividend	384,784,521	38,500.00
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend-Reinvestment Dividend	569,971,501	57,000.00
IDFC Cash Fund-Super Institutional Plan -Daily Dividend	269,932,517	27,000.00
IDFC Cash Fund-Super Institutional Plan -Growth	49,633,703	5,000.00

Schedules

forming part of the Balance Sheet

		(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)		
ING Liquid Fund Super Insitutional - Daily Dividend Option	344,834,479	34,500.00
J P Morgan India Liquid Fund-Dividend Plan-Reinvestment	234,814,497	23,500.00
J P Morgan India Liquid Fund-Super Institutional Daily Dividend Plan-Reinvestment	74,940,797	7,500.00
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend	139,769,381	14,000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	339,382,243	41,500.00
LIC MF Liquid Fund - Dividend Plan	72,859,081	8,000.00
Lotus India Liquid Fund-Super Institutional Daily Dividend	1,144,645,062	114,500.00
Lotus India Liquid Fund-Super Institutional Growth	43,272,435	5,000.00
Mirae Asset Liquid Fund Super Institutional-Dividend Plan(Daily)	6,045,680	60,500.00
Mirae Asset Liquid Fund Super Institutional-Growth Option	711,581	7,500.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan-Dividend Reinvestment Daily	164,988,451	16,500.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	679,789,265	68,000.00
SBI Premier Liquid Fund-Super Institutional-Daily Dividend	79,688,238	10,000.00
Sundaram BNP Paribas-Money Fund Super Institutional Daily Dividend Reinvestment	89,150,397	9,000.00
Tata Liquid Super High Investent Fund -Daily Dividend	3,992,750	44,500.00
Taurus Liquid Fund Institutional Daily Dividend Reinvestment	35,000,000	3,500.00
Taurus Liquid Plus Fund Super Institutional Daily Dividend Plan	20,000,000	2,000.00
UTI Liquid Cash Plan Institutional-Daily Income Option-Reinvestment	588,555	6,000.00
	6,004,643,177	**845,000.00**
Investment in Certificate Of Deposit	**Quantity**	**Amount**
ABN AMRO Bank	5,000	4,967.68
Allahabad Bank	40,000	38,291.25
Andhra Bank	5,000	4,839.78
Axis Bank Limited	2,000	1,884.48
Bank of India	5,000	4,841.95
Canara Bank	32,500	29,844.20
Corporation Bank	1,500	1,482.18
Development Credit Bank limited	1,000	959.21
EXIM Bank	10,000	9,443.88
Federal Bank Limited	4,500	4,152.56
Hongkong & Shanghai Banking Corporation Limited	26,000	23,950.32
ICICI Bank Limited	150,500	143,470.46
Indian Overseas Bank	500	498.50
Industrial development Bank of India Limited	24,500	23,273.26
Karnataka Bank Limited	2,500	2,329.27
Kotak Bank	27,500	25,196.62
Oriental Bank Of Commerce	21,000	20,530.11
Punjab National Bank	30,500	29,549.46
State Bank Of Bikaner & Jaipur	5,500	5,172.18
State Bank Of Hyderabad	92,000	87,372.88
State Bank Of India	1,500	1,424.98

Schedules

forming part of the Balance Sheet

			(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)			
State Bank Of Mysore		2,500	2,436.47
State Bank Of Patiala		6,600	6,290.60
State Bank Of Travancore		1,000	988.54
UCO Bank		15,000	14,057.01
Union Bank of India		15,000	14,457.41
Vijaya Bank		14,200	13,353.47
Yes Bank Limited		6,500	6,248.05
		549,300	**521,306.76**
		As at March 31, 2010	**As at March 31, 2009**
SCHEDULE 8 - CURRENT ASSETS			
Inventories- raw materials (at lower of cost and net realisable value)		**-**	126.81
Assets under financing activities (considered good unless stated otherwise)			
Secured*			
Hypothecation loans		1,773,740.20	1,791,200.42
Other loans		1,216.58	1,330.35
Unsecured**			
Unsecured loans		21,410.26	2,406.89
Advance - hypothecation loans		128.21	412.81
		1,796,495.25	**1,795,350.47**
*[Includes non performing assets Rs. 51,117.19 Lacs (March 31, 2009 Rs.38,411.39 Lacs)]			
**[Includes non performing assets Rs. 9.46 Lacs (March 31, 2009 Rs. Nil)]			
Sundry debtors			
(Unsecured, considered Good)			
Other debts(outstanding for less than six months)		**-**	399.24
		-	**399.24**
Cash & bank balances			
i)	Cash on hand	7,818.91	7,062.48
ii)	Cheques on hand	2,220.79	1,490.15
iii)	Remittances in transit	9.48	10.16
iv)	Balances with scheduled banks in:		
	Current accounts	166,283.52	95,767.00
	Fixed deposit accounts#	277,400.51	474,159.90
		453,733.21	**578,489.69**
Other current assets			
Interest accrued on investments		666.89	222.00
Interest accrued on fixed deposits and other loans and advances		4,357.97	3,511.95
		2,255,253.32	**2,378,100.16**

 # Includes Fixed deposits of Rs. 197,421.41 lacs (March 31, 2009 : Rs. 114,596.62 lacs) pledged with Banks as margin for securitisation and Rs. 8,534.94 lacs (March 31,2009: Rs. 775.42 lacs) pledged as lien against loans taken.

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 9 - OTHER LOANS AND ADVANCES		
Unsecured, considered good		
Advance recoverable from subsidiaries **$	5.05	-
Advances recoverable in cash or in kind or for value to be received	229,668.89	24,956.17
Service tax credit (input) receivable	537.34	1,099.54
Advance income tax [net of provisions for income tax (March 31, 2009: Rs. 91,811.26 lacs)]	-	377.66
Prepaid expenses	8,649.99	13,086.96
Inter-corporate deposits	1,379.21	-
Security deposits	722.61	785.67
	240,963.09	**40,306.00**

**** Maximum advance given to subsidiary M/s. Shriram Equipment Finance Company Limited at anytime during the period: Rs. 2.77 lacs (March 31, 2009: Rs. Nil)**
$ Maximum advance given to subsidiary M/s. Shriram Automall India Limited at anytime during the period: Rs. 2.31 lacs (March 31, 2009: Rs. Nil)

SCHEDULE 10 - CURRENT LIABILITIES		
Sundry creditors other than Micro and Small Enterprises (Refer note 2(18) of Schedule 21)	23,288.59	21,876.31
Interest accrued but not due on loans	84,941.79	77,718.04
Application money on redeemable non convertible debentures	798.77	1,030.19
Application money on Subordinated debts	15.79	2,942.35
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed matured deposits	60.65	65.30
- Unclaimed matured debentures	5,116.68	4,503.36
- Unclaimed matured subordinate debts	117.13	816.45
- Interest accrued and due on above	1,329.00	1,591.38
- Unclaimed dividend	269.67	166.26
Temporary credit balance in bank accounts	29,551.21	41,990.51
Securitization deferred income	236,518.83	51,334.24
Other liabilities	8,852.50	8,848.86
	390,860.61	**212,883.25**

Schedules

forming part of the Balance Sheet

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 11 - PROVISIONS		
For non-performing assets	38,637.89	23,684.86
For credit loss on securitisation	24,986.49	8,940.46
For provision for income tax [net of advance for income tax (March 31, 2009: Rs. 140,810.64 lacs)]	980.65	-
For fringe benefit tax[net of advance fringe benefit tax Rs. 1,089.44 lacs (March 31, 2009: Rs. 1,082.00 lacs)]	7.67	15.11
For diminution in value of investments	247.37	227.03
For leave encashment and availment	561.66	415.22
For gratuity	612.63	463.92
Proposed dividend	9,020.71	8,140.46
Tax on proposed dividend	1,498.25	1,383.47
	76,553.32	**43,270.53**
SCHEDULE 12 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Issue expenses for non convertible debentures	2,217.22	-
Issue expenses for equity shares	1,491.47	-
	3,708.69	**-**

Schedules

forming part of the Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 13 - INCOME FROM OPERATIONS		
Finance & service charges *	361,545.82	324,404.44
Interest on other loans *	360.10	666.99
Interest on margin money on securitisation*	10,367.78	6,951.61
Income on securitisation	68,009.04	33,895.73
	440,282.74	**365,918.77**
*** Tax deducted at source of Rs. 1,916.12 lacs (March 31, 2009 : Rs. 1,961.07 lacs)**		
SCHEDULE 14 - OTHER INCOME		
Buyer-seller facilitation fees	3,053.46	-
Interest on deposits with banks *	1,696.77	1,749.56
Income from operating lease *	453.91	31.22
Sale of electricity	-	3,265.26
Profit on sale of assets (net)	62.40	-
Income from Long Term Investments (non trade)		
- Profit on sale of investments	66.55	-
- Dividend	0.25	0.25
- Interest on government securities	100.51	24.20
- Interest on pass through certificates	119.18	146.02
Income from Current Investments (non trade)		
- Profit on sale of investments	1,746.10	514.17
- Dividend	874.46	486.66
- Interest on certificate of deposits	1,068.27	693.09
- Discount on CBLO	193.55	-
- Interest on commercial paper	-	10.49
- Interest on debentures*	-	144.33
Miscellaneous income	245.67	128.95
	9,681.08	**7,194.20**
*** Tax deducted at source of Rs. 251.70 lacs (March 31, 2009 : Rs. 419.27 lacs)**		

Schedules

forming part of the Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 15 - INTEREST & OTHER CHARGES		
Interest & Other Charges on :		
Debentures #	65,969.57	50,682.12
Subordinated debts	23,214.26	15,851.15
Fixed deposits	475.98	31.05
Loans from banks ##	105,813.69	93,513.23
Loans from institutions and others	13,455.67	17,706.49
Commercial paper	2,199.54	4,281.04
Bank charges	2,350.85	1,816.71
Professional charges - resource mobilisation	4,895.23	6,897.31
Processing charges on loans/securitization	3,605.42	4,787.16
Discount on sale of second loss credit / liquidity facilities	584.00	-
Fees on sale of second loss credit / liquidity facilities	2,114.72	2,200.95
	224,678.93	**197,767.21**
# Includes interest on Debenture paid to Managing director Rs. 0.26 lacs (March 31, 2009 : Rs. Nil)		
## Includes interest on loans other than loans for fixed period Rs. 7,044.52 lacs (March 31, 2009 : Rs. 19,020.56 lacs)		
SCHEDULE 16 - RAW MATERIAL CONSUMED		
Opening stock	126.81	66.53
Add : Purchases	-	747.45
Less: Transferred to Lessee	(126.81)	
Closing stock	-	126.81
	-	**687.17**
SCHEDULE 17 - PERSONNEL EXPENSES		
Salaries & other allowances	21,020.66	18,724.57
Gratuity expenses	197.65	154.91
Contribution to provident and other funds	976.89	897.40
Staff welfare expenses	312.95	276.72
	22,508.15	**20,053.60**

Schedules

forming part of the Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 18 - OPERATING AND OTHER EXPENSES		
Rent	3,557.92	2,636.98
Electricity expenses	467.29	460.22
Repairs & maintenance		
- Plant & machinery	5.79	168.89
- Buildings	0.70	0.61
- Others	2,273.27	2,337.15
Rates & taxes	230.01	509.04
Printing & stationery	1,483.07	1,618.08
Travelling & conveyance	3,329.11	3,162.68
Advertisement	443.50	84.36
Brokerage and discount	5,442.03	8,668.83
Sourcing fees	23.96	87.35
Royalty	1,240.78	1,036.45
Directors' sitting fees	14.65	15.70
Insurance	148.37	100.70
Communication expenses	2,571.12	2,617.80
Auditor's remuneration (Refer note 2 (20) of Schedule 21)		
- Audit fees	72.80	71.36
- Tax audit fees	2.76	2.21
- Other services	3.31	8.49
- Out of pocket	4.82	7.82
Legal & professional charges	2,827.61	1,194.13
Donations	161.81	106.55
Loss on sale of fixed assets (net)	-	87.77
Loss on sale of long term investments(non trade)	-	1.56
Miscellaneous expenses	2,953.54	2,940.77
	27,258.22	**27,925.50**
SCHEDULE 19 - SHARE & DEBENTURE ISSUE EXPENSES WRITTEN OFF		
Issue expenses for equity shares	25.28	-
Public issue expenses for non convertible debentures	473.42	-
	498.70	**-**

Schedules

forming part of the Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 20 - PROVISIONS & WRITE OFFS		
Provision for non performing assets	14,953.03	13,354.65
Provision for credit loss on securitisation	7,971.84	4,464.01
Provision for diminution in value of investments	20.34	82.43
Bad debts written off	18,668.99	13,440.25
Bad debt recovery	(549.34)	(766.42)
	41,064.86	**30,574.92**

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

SCHEDULE 21 - SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Use of estimates

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

(c) Fixed Assets, Depreciation/Amortisation and Impairment of assets

Fixed Assets

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

Depreciation/Amortisation

Depreciation/Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The assets for which rates higher used are as follows :

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Windmills	10%	5.28%
Computer Software	33.33%	16.67%

Windmills are amortised over the remaining life of the asset, the life of windmills are estimated to be 10 years.

Leasehold improvement is amortised over the primary period of lease subject to a maximum of 60 months.

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

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized 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 at the weighted average cost of capital.

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

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(d) Investments

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

(e) Provisioning / Write-off of assets

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

(f) Hypothecation loans

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

(g) Leases

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return ('IRR'). The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs are recognised immediately in the Profit and Loss Account.

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

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Where the Company is the lessee

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

(h) Foreign currency translation

Initial recognition

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

Conversion

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

Exchange differences

All exchange differences are dealt with in the profit and loss account.

(i) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares:

Lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue recognition

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

i. Finance and service charges on financial lease/ loans is recognised on the basis of internal rate of return.

ii. Income recognized and remaining unrealized after installments become overdue for six months or more in case of secured loans and twelve months or more in case of financial lease transactions are reversed and are accounted as income when these are actually realized.

iii. Additional finance charges / additional interest are treated to accrue only on realization, due to uncertainty of realization and are accounted accordingly.

iv. Gains arising on securitization/direct assignment of assets is recognized over the tenure of agreements as per guideline on securitization of standard assets issued by RBI, loss, if any is recognised upfront.

v. Income from power generation is recognized on supply of power to the grid as per the terms of the Power Purchase Agreements with State Electricity Boards.

vi. Income from services is recognized as per the terms of the contract on accrual basis.

vii. Interest income on fixed deposits/margin money, call money(CBLO), certificate of deposits and pass through certificates is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

viii. Dividend is recognized as income when right to receive payment is established by the date of balance sheet.

ix. Profit/loss on the sale of investments is recognized at the time of actual sale/redemption.

x. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.

(k) Employee benefits

Provident Fund

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

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Leave Encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(l) Income tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

(m) Segment reporting policies

Identification of segments:

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

Unallocated items:

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

Segment Policies :

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

(n) Earnings per share

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

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

(o) Provisions

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

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

(p) Cash and cash equivalents

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

(q) Equity shares and Debentures issue expenses

Issue expenses incurred on issue of equity shares are charged on a straight line basis over a period of 10 years.

Public issue expenses incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures.

(r) Ancillary cost of borrowings

Ancillary cost of borrowings are charged to Profit & Loss account in the year in which they are incurred.

(s) Employee stock compensation costs

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

2. NOTES TO ACCOUNTS

1. Secured Loans

a) (i) Privately placed Redeemable Non-convertible Debentures of Rs. 1,000/- each

	As at March 31, 2010	As at March 31, 2009
Number	18,870,314	19,697,934
Amount Rs in lacs	188,703.14	196,979.34

Secured by equitable mortgage of title deeds of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement. The earliest date of redemption is 01.04.2010 (March 31, 2009: 01.04.2009)

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company.

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

(ii) Privately Placed Redeemable Non-Convertible Debenture of Rs. 1,000,000/- each

Date of Allotment/ renewal	Amount (Rs. in lacs)		Redeemable at par on
	As at March 31, 2010	As at March 31, 2009	
04.07.2007	-	5,000.00	04.07.2009
05.07.2007	5,000.00	5,000.00	05.07.2010
09.07.2007	-	10,000.00	***05.07.2010
09.07.2007	7,000.00	7,000.00	09.07.2010
11.07.2007	1,000.00	1,000.00	09.07.2010
17.07.2007	-	10,000.00	17.07.2009
25.07.2007	10,000.00	12,500.00	25.07.2010
25.07.2007	2,500.00	2,500.00	25.07.2010
30.07.2007	-	2,500.00	30.07.2009
28.08.2007	-	2,500.00	28.04.2009
07.09.2007	-	4,000.00	04.09.2009
10.09.2007	2,500.00	2,500.00	10.09.2010
13.09.2007	-	1,000.00	13.09.2009
21.09.2007	-	2,500.00	***21.09.2010
05.10.2007	-	2,000.00	05.10.2009
05.10.2007	-	1,500.00	***05.10.2010
09.10.2007	-	2,500.00	09.10.2009
12.10.2007	-	2,500.00	28.09.2009
15.10.2007	2,000.00	2,000.00	15.10.2010
18.10.2007	3,900.00	12,000.00	18.10.2010
19.10.2007	5,000.00	5,000.00	19.10.2010
19.10.2007	-	8,000.00	18.10.2009
22.10.2007	-	2,500.00	22.10.2009
30.10.2007	-	5,000.00	30.10.2009
02.05.2008	15,000.00	15,000.00	02.05.2011
20.06.2008	10,000.00	10,000.00	20.06.2011
18.08.2008	-	29,000.00	06.03.2010
04.09.2008	-	3,500.00	***04.04.2010
04.09.2008	-	1,500.00	20.02.2010
04.09.2008	10,000.00	10,000.00	04.09.2010

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Date of Allotment/ renewal	Amount (Rs. in lacs)		Redeemable at par on
	As at March 31, 2010	As at March 31, 2009	
05.09.2008	-	7,500.00	10.09.2009
08.09.2008	3,000.00	3,000.00	08.09.2010
15.09.2008	1,500.00	1,500.00	15.09.2011
15.09.2008	1,500.00	1,500.00	15.09.2010
15.09.2008	-	2,500.00	15.03.2010
15.09.2008	2,500.00	2,500.00	15.09.2010
15.09.2008	-	2,500.00	15.03.2010
15.09.2008	1,500.00	1,500.00	30.04.2010
16.09.2008	2,500.00	2,500.00	16.09.2011
17.09.2008	8,000.00	8,000.00	01.09.2011
24.09.2008	2,500.00	2,500.00	24.09.2010
26.09.2008	2,500.00	2,500.00	26.09.2010
26.09.2008	1,500.00	1,500.00	10.09.2010
08.10.2008	1,200.00	1,200.00	06.04.2010
24.10.2008	5,000.00	5,000.00	10.12.2010
03.11.2008	30,000.00	30,000.00	03.11.2013
26.11.2008	1,000.00	1,000.00	26.11.2013
17.12.2008	-	19,000.00	17.12.2009
24.03.2009	-	2,400.00	24.03.2010
25.03.2009	-	2,600.00	25.03.2010
28.03.2009	5,000.00	5,000.00	28.03.2012
*13.04.2009	10,000.00	-	13.04.2011
**20.04.2009	2,500.00	-	20.04.2011
17.06.2009	2,500.00	-	17.06.2011
30.06.2009	25,000.00	-	30.06.2011
14.09.2009	1,500.00	-	05.04.2011
12.10.2009	9,000.00	-	12.04.2011
24.03.2010	2,400.00	-	24.03.2011
25.03.2010	2,600.00	-	25.03.2011
TOTAL	**198,600.00**	**285,700.00**	

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.

*Put/call option on April 13, 2010

**Put/call option on April 20, 2010

*** Early redemption

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(iii) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each

Date of Allotment/ renewal	Amount (Rs. in lacs)		Redeemable at par on	Put and Call option
	As at March 31, 2010	As at March 31, 2009		
Option -I	3,489.95	-	26.08.2012	-
Option -I	3,489.95	-	26.08.2013	-
Option -I	1,744.97	-	26.08.2014	-
Option -II	2,949.84	-	26.08.2012	-
Option -II	2,949.84	-	26.08.2013	-
Option -II	1,474.92	-	26.08.2014	-
Option -III	10,422.51	-	26.08.2014	26.08.2013
Option -IV	2,274.12	-	26.08.2014	26.08.2013
Option -V	66,988.63	-	26.08.2012	-
Total	**95,784.73**	**-**		

a. Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.

b. The proceeds of public issue of Non convertible debentures have been utilised for financing activities.

c. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company.

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

b) Term Loans :

(Rs. in lacs)

			As at March 31, 2010	As at March 31, 2009
i.	**From Financial Institutions / Corporates :**			
	(a)	Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans	12,188.42	41,893.90
	(b)	Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	-	1,420.12
	(c)	Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm and guaranteed by a former Director.	-	754.40
ii.	**From Foreign Institution:**			
	Secured by an exclusive charge by way of hypothecation of specific hypothecation loan agreements and all amounts owing to and received by the Company pursuant to the above Agreements		-	724.27
	Total		**12,188.42**	**44,792.69**
iii.	**From Banks :**			
	(a)	Secured by hypothecation of vehicles	3.19	6.36
	(b)	Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans*	929,931.95	830,676.33
	(c)	Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	-	969.99
	(d)	Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the bio mass plant.	-	1,710.90
	Total		**929,935.14**	**833,363.58**

*includes Rs. 20,000 lacs (March 31, 2009 : Rs 7,500.00 lacs) the charge in respect of which has since been created and Rs. 47,000 lacs (March 31, 2009 : Rs. Nil lacs) on which charge is yet to be created.

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

c) Cash Credit from Banks

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Cash Credit from banks *	92,036.64	316,623.70
Secured by hypothecation of specific assets covered under hypothecation loan agreements. *Includes Rs. 10,000 lacs (March 31, 2009: Nil) the charge in respect of which has since been created.		

2. Subordinated Debt

The Company has issued subordinated debt bonds amounting to Rs. 53,196.13 Lacs (March 31, 2009: Rs. 60,553.56 Lacs) with coupon rate of 9.5% to 13% per annum which are redeemable over a period of 62 months to 122 months.

3. Final dividend (including tax on dividend) includes an amount of Rs. 380.45 lacs in respect of dividend paid by the Company for the year ended March 31, 2009 on 81,29,550 equity shares as these have been allotted before the record date for declaration of dividend for the year ended March 31, 2009, and they rank pari-passu with the existing equity shares for dividend.

4. Gratuity and other post-employment benefit plans:

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days salary (last drawn salary) for each completed year of service.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and Loss account

Net employee benefit expense (recognized in employee cost)

(Rs. in lacs)

	Gratuity	
Particulars	**March 31, 2010**	**March 31, 2009**
Current service cost	191.23	99.69
Interest cost on benefit obligation	48.79	33.23
Expected return on plan assets	NA	NA
Net actuarial (gain) / loss recognised in the year	(42.37)	22.48
Past service cost	Nil	Nil
Net benefit expense	**197.65**	**155.40**

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Balance sheet

Details of Provision for gratuity **(Rs. in lacs)**

	Gratuity	
Particulars	**March 31, 2010**	**March 31, 2009**
Defined benefit obligation	612.63	463.92
Fair value of plan assets	NA	NA
	612.63	463.92
Less: Unrecognised past service cost	Nil	Nil
Plan asset / (liability)	(612.63)	(463.92)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in lacs)

	Gratuity	
Particulars	**March 31, 2010**	**March 31, 2009**
Opening defined benefit obligation	463.92	322.76
Interest cost	48.79	33.23
Current service cost	191.23	99.69
Benefits paid	(48.93)	(14.24)
Actuarial (gains) / losses on obligation	(42.38)	22.48
Closing defined benefit obligation	**612.63**	**463.92**

The Company would not contribute any amount to gratuity in 2010-11 as the scheme is unfunded.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
Particulars	**March 31, 2010**	**March 31, 2009**
	%	%
Investments with insurer	NA	NA

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	Gratuity	
Particulars	**March 31, 2010**	**March 31, 2009**
Discount Rate	7.5%	7.75%
Increase in compensation cost	5%	5%
Employee Turnover*	5% and 10%	5% and 10%

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

*5% in case of employees with service period of more than 5 years and 10% for all other employees.

Amounts for the year are as follows:

(Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	612.63	463.92	322.76
Plan assets	NA	NA	NA
Surplus / (deficit)	(612.63)	(463.92)	(322.76)
Experience adjustments on plan liabilities	55.56	37.57	101.94
Experience adjustments on plan assets	NA	NA	NA

5. The Company is primarily engaged in financing activities. It operates in a single business and geographical segment. The Company owned windmills and biomass which generate income from sale of electricity and also earned certain fee based income, these income have the same has been classified as 'Unallocated reconciling item' as per requirements of AS – 17 on 'Segment Reporting'.

(Rs in lacs)

Particulars	Year ended March 31, 2010			Year ended March 31, 2009		
	Financing Activities	Unallocated reconciling items	Total	Financing Activities	Unallocated reconciling items	Total
Segment Revenue	446,275.59	3,688.23	449,963.82	369,788.43	3,324.54	373,112.97
Segment Results (Profit before tax and after interest on Financing Segment)	129,278.06	3,468.20	132,746.26	92,782.88	(124.33)	92,658.55
Less: Interest on unallocated reconciling items	NA	287.14	287.14	NA	595.44	595.44
Net profit before tax	129,278.06	3,181.06	132,459.12	92,782.88	(719.77)	92,063.11
Less: Income taxes	NA	NA	45,147.38	NA	NA	30,822.90
Net profit after tax	NA	NA	87,311.74	NA	NA	61,240.21

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Particulars	Year ended March 31, 2010			Year ended March 31, 2009		
	Financing Activities	Unallocated reconciling items	Total	Financing Activities	Unallocated reconciling items	Total
Other Information:						
Segment assets	2,690,171.28	-	2,690,171.28	2,487,258.09	9,673.31	2,496,931.40
Unallocated corporate assets			7,472.13			3,017.14
Total Assets	**2,690,171.28**	**-**	**2,697,643.41**	**2,487,258.09**	**9,673.31**	**2,499,948.54**
Segment liabilities	2,312,416.58	-	2,312,416.58	2,262,917.42	5,352.41	2,268,269.83
Unallocated corporate liabilities			988.31			15.11
Total Liabilities	**2,312,416.58**	**-**	**2,313,404.89**	**2,262,917.42**	**5,352.41**	**2,268,284.94**
Capital expenditure	624.86	-	624.86	3,369.47	-	3,369.47
Depreciation	1,287.84	208.00	1,495.84	1,645.69	1,834.90	3,480.59
Other non - cash expenses	49,753.00	0.94	49,753.94	33,145.16	590.85	33,736.01

6. Related Party Disclosure

Related party where control exists

Subsidiaries : Shriram Asset & Equipment Finance Private Limited (formerly Shriram Equipment Finance Private Ltd.(SAEFPL)) (from June 04, 2009 upto December 14, 2009)
Shriram Equipment Finance Company Ltd. (SEFCL) (from December 15, 2009)
Shriram Automall India Limited (SAIL) (from February 11, 2010)

Other Related Parties

Enterprises having significant influence over the Company : Shriram Holdings (Madras) Private Limited
Shriram Capital Limited
Newbridge India Investments II Limited

Associates : Shriram Asset Management Company Limited

Key Managerial Personnel : R Sridhar, Managing Director

Relatives of Key Managerial Personnel : Mrs. Padmapriya Sridhar (spouse)

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Schedules annexed to and forming part of accounts for the ended March 31, 2010

(Rs. in lacs)

	Enterprises having significant influence over the Company		Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Payments/Expenses												
Employee benefits for key management personnel	-	-	-	-	-	-	72.61	62.99	-	-	72.61	62.99
Royalty	1,240.78*	1,036.45*	-	-	-	-	-	-	-	-	1,240.78	1,036.45
Data Sourcing fees	23.96*	87.35*	-	-	-	-	-	-	-	-	23.96	87.35
Service Charges	143.75*	524.10*	-	-	-	-	-	-	-	-	143.75	524.10
Reimbursement of business promotion expenses	66.18*	-	-	-	-	-	-	-	-	-	66.18	-
Equity dividend	5,602.29#	4,268.58#	-	-	-	-	5.58	4.29	2.43	2.03	5,610.30	4,274.90
Interest on subordinate debt	-	-	-	-	54.37	51.19	-	-	-	-	54.37	51.19
Interest on Inter Corporate Deposit	96.66#	149.52#	-	-	-	-	-	-	-	-	96.66	149.52
Interest on Non Convertible Debentures	-	-	-	-	-	-	0.27	-	0.01	-	0.28	-
Investments in shares	-	-	220.00 +@&	-	-	-	-	-	-	-	220.00	-
Rent paid	59.56*	57.60*		-	-	-	-	-	-	-	59.56	57.60
Inter Corporate Deposits	4,200#	-	-	-	-	-	-	-	-	-	4,200.00	-
Amount paid to SAEFPL	-	-	3.54	-	-	-	-	-	-	-	3.54	-
Amount recoverable from SEFCL	-	-	2.74	-	-	-	-	-	-	-	2.74	-
Amount recoverable from SAIL	-	-	2.30	-	-	-	-	-	-	-	2.30	-
Receipts/Income												
Inter Corporate Deposit	-	4,200#	-	-	-	-	-	-	-	-	-	4,200.00
Sale of investment in shares	-	-	5.00+	-	-	-	-	-	-	-	5.00	-
Amount recovered from SAEFPL	-	-	3.54	-	-	-	-	-	-	-	3.54	-
Non Convertible Debenture	-	-	-	-	-	-	1.00	-	1.00	-	2.00	-
Issue of equity shares on conversion of warrants	2,400.00#	-	-	-	-	-	-	-	-	-	2,400.00	-
Rent & electricity reimbursed	-	-	-	-	5.25	5.40	-	-	-	-	5.25	5.40
Balance Outstanding at the year end												
Share capital	9,337.15#	8,537.15#	-	-	-	-	13.02	8.58	4.05	4.05	9,354.22	8,549.78
Share warrants	-	2,400.00#	-	-	-	-	-	-	-	-	-	2,400.00
Non Convertible Debenture	-	-	-	-	-	-	-	-	-	-	-	-
Investments in shares	-	-	215.00@&	-	240.00	240.00	-	-	-	-	455.00	240.00
Outstanding expenses	185.43*	67.17*	-	-	-	-	-	-	-	-	185.43	67.17
Inter Corporate Deposits	-	4,200.00#	-	-	-	-	-	-	-	-	-	4,200.00
Rent Deposit given	49.00*	49.00*	-	-	-	-	-	-	-	-	49.00	49.00
Amount recoverable from SEFCL	-	-	2.74	-	-	-	-	-	-	-	2.74	-
Amount recoverable from SAIL	-	-	2.30	-	-	-	-	-	-	-	2.30	-
Interest payable on ICD	-	149.52#	-	-	-	-	-	-	-	-	-	149.52
Subordinated debts	-	-	-	-	413.40	413.40	-	-	-	-	413.40	413.40
Interest payable on subordinate debt	-	-	-	-	85.78	29.36	-	-	-	-	85.78	29.36

*	Denotes transactions with Shriram Capital Limited.
#	Denotes transactions with Shriram Holdings (Madras) Private Limited.
+	Denotes transactions with Shriram Asset and Equipment Finance Pvt Ltd (SAEFPL).
&	Denotes transactions with Shriram Equipment Finance Company Ltd.
@	Denotes transactions with Shriram Automall India Ltd.

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

7. Leases

In case of assets given on lease

The Company has given land and building on operating lease for period ranging 11 months to 60 months. During the year, the company had also given its biomass plant on operating lease for the period 1st April, 2009 to 30th September, 2009. The same was sold on October 1, 2009, hence gross carrying cost of and accumulated depreciation of the asset as on the date of balance sheet is nil.

In case of assets taken on lease

The Company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the profit & loss account are Rs. 3,557.92 lacs (March 31, 2009: Rs. 2,636.98 lacs). Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 22 to 122 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Minimum Lease Payments:		
Not later than one year	899.73	408.16
Later than one year but not later than five years	324.11	149.80
Later than five years	40.73	Nil

8. In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 3,497.70 lacs (March 31, 2009: Rs. 283.00 lacs) in favour of trustees representing the public deposit holders of the Company.

9. Earnings per share

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after tax as per profit and loss account (Rs. in lacs) (A)	87,311.74	61,240.21
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	2125.01	2,033.80
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	2133.85	2,138.29
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	41.09	30.11
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	40.92	28.64

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

(Rs. in lacs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Weighted average number of equity shares for calculating EPS (in lacs)	2,125.01	2,033.80
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	0.00	80.00
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	8.84	24.49
Weighted average number of equity shares in calculation diluted EPS (in lacs)	2,133.85	2,138.29

10. Deferred Tax Liabilities/(Asset)(Net)

The break up of deferred tax asset / liabilities is as under:-

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liabilities		
Timing difference on account of :		
Differences in depreciation in block of fixed assets as per tax books and financial books	Nil	2,482.17
Debenture Issue Expenses	753.63	Nil
Gross Deferred Tax Liabilities (A)	**753.63**	**2,482.17**
Deferred Tax Asset		
Timing difference on account of :		
Differences in depreciation in block of fixed assets as per tax books and financial books	231.78	Nil
Expenses disallowed under Income Tax Act, 1961	3,259.93	3,100.49
Provision for securitization	4,734.05	2,021.16
Gross Deferred Tax Assets (B)	**8,225.76**	**5,121.65**
Deferred Tax Liabilities /(Assets)(Net) (A-B)	**(7,472.13)**	**(2,639.48)**

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

11. Contingent Liabilities not provided for

(Rs. in lacs)

		As at March 31, 2010	As at March 31, 2009
a.	Disputed income tax/interest tax demand contested in appeals not provided for [Against the above, a sum of Rs. 29.66 lacs (March 31, 2009: Rs. 29.66 lacs) has been paid under protest]	157.26	164.76
b.	Demands in respect of Service tax [Amount of Rs. 15.00 lacs (March 31, 2009 : Rs. 15.00 lacs) has been paid under protest]	315.00	299.00
c.	Disputed sales tax demand [Amount of Rs. 63.92 lacs (March 31, 2009: Rs. Nil) has been paid by the Company]	412.33	-
d.	Guarantees issued by the Company & outstanding	-	901.97
Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements / decisions pending with various forums/authorities.			

12. Recovery of Service tax on lease and hire purchase transactions is kept in abeyance in view of the petition pending before the Supreme Court of India. If any liability arises it will be recovered from the concerned parties. However, on contracts that have been terminated, pending the decision from the Supreme Court of India, equivalent service tax is written off. The company has recognized the deferred tax asset on the amounts so written off, as in either case service tax liability will be charged off or reversed as income.

13. Employee Stock Option Plan

	Series I	Series II	Series III	Series IV	Series V	Series VI
Date of grant	October 31, 2005	April 1, 2006	October 9, 2006	August 17, 2007	July 15, 2008	May 13, 2009
Date of Board/ committee Approval	October 19, 2005	February 22, 2006	September 6, 2006	August 17, 2007	July 15, 2008	May 13, 2009
Date of Shareholder's approval	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005
Number of options granted	2,962,500	832,500	910,000	109,000	77,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Graded Vesting Period						
After 1 year of grant date	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.					

The details of Series I have been summarized below:

	As at March 31, 2010		**As at March 31, 2009**	
	Number of Shares	**Weighted Average Exercise Price (Rs.)**	**Number of Shares**	**Weighted Average Exercise Price (Rs.)**
Outstanding at the beginning of the year	1,839,800	Rs. 35.00	2,177,000	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	1,640,750	Rs. 35.00	304,500	Rs. 35.00
Less: Expired during the year	9,500	-	32,700	-
Outstanding at the end of the year	189,550	Rs. 35.00	1,839,800	Rs. 35.00
Exercisable at the end of the year	189,550		860,540	
Weighted average remaining contractual life (in years)		8.09		9.09
Weighted average fair value of options granted		Rs. 59.04		Rs. 59.04

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

The details of Series II have been summarized below:

	As at March 31, 2010		As at March 31, 2009	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	516,500	Rs. 35.00	554,100	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	265,200	Rs. 35.00	31,300	Rs. 35.00
Less: Expired during the year			6,300	
Outstanding at the end of the year	251,300	Rs. 35.00	516,500	Rs. 35.00
Exercisable at the end of the year	24,900		116,520	
Weighted average remaining contractual life (in years)		8.49		9.49
Weighted average fair value of options granted		Rs. 91.75		Rs. 91.75

The details of Series III have been summarized below:

	As at March 31, 2010		As at March 31, 2009	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	763,600	Rs. 35.00	811,000	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	402,200	Rs. 35.00	40,400	Rs. 35.00
Less: Expired during the year	3,500		7,000	
Outstanding at the end of the year	357,900	Rs. 35.00	763,600	Rs. 35.00
Exercisable at the end of the year	38,300		202,600	
Weighted average remaining contractual life (in years)		9.01		10.01
Weighted average fair value of options granted		Rs. 74.85		Rs. 74.85

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

The details of Series IV have been summarized below:

	As at March 31, 2010		As at March 31, 2009	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	106,000	Rs. 35.00	109,000	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	31,800	Rs. 35.00	-	-
Less: Expired during the year	-		3,000	
Outstanding at the end of the year	74,200	Rs. 35.00	106,000	Rs. 35.00
Exercisable at the end of the year		-	10,600	-
Weighted average remaining contractual life (in years)		9.88		10.88
Weighted average fair value of options granted		136.40		136.40

The details of Series V have been summarized below:

	As at March 31, 2010		As at March 31, 2009	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	77,000	Rs. 35.00	-	-
Add: Granted during the year	-	-	77,000	Rs. 35.00
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	7,700	Rs. 35.00	-	-
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	69,300	Rs. 35.00	77,000	Rs. 35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)		10.78		11.78
Weighted average fair value of options granted		253.90		253.90

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

The details of Series VI have been summarized below:

	As at March 31, 2010		As at March 31, 2009	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year		-	-	-
Add: Granted during the year	50,000	Rs. 35.00	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	50,000	Rs. 35.00	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)		11.61	-	-
Weighted average fair value of options granted		201.45	-	-
The weighted average share price for the period over which stock options were exercised was Rs. 358.00 (March 31, 2009: Rs. 242.00)				

The details of exercise price for stock options outstanding at the end of the year are:

March 31, 2010

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	Rs. 35/-	189,550	8.09	Rs. 35/-
Series II	Rs. 35/-	251,300	8.49	Rs. 35/-
Series III	Rs. 35/-	357,900	9.01	Rs. 35/-
Series IV	Rs. 35/-	74,200	9.88	Rs. 35/-
Series V	Rs. 35/-	69,300	10.78	Rs. 35/-
Series VI	Rs. 35/-	50,000	11.61	Rs. 35/-

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

The details of exercise price for stock options outstanding at the end of the year are:

March 31, 2009

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	Rs. 35/-	1,839,800	9.09	Rs. 35/-
Series II	Rs. 35/-	516,500	9.49	Rs. 35/-
Series III	Rs. 35/-	763,600	10.01	Rs. 35/-
Series IV	Rs. 35/-	106,000	10.88	Rs. 35/-
Series V	Rs. 35/-	77,000	11.78	Rs. 35/-

Stock Options granted

Series I:

The weighted average fair value of stock options granted was Rs. 59.04. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

Series II :

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Series III :

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Series IV :

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

Series V :

The weighted average fair value of stock options granted was Rs. 253.90. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	69.22	69.22	69.22	69.22
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

Series VI :

The weighted average fair value of stock options granted was Rs. 201.45. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	341.30	580.57
Liability for employee stock options outstanding as at year end	955.97	2584.88
Deferred compensation cost	198.95	445.98

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

	Year ended March 31, 2010	Year ended March 31, 2009
Profit as reported (Rs. in lacs)	87,311.74	61,240.21
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	341.30	580.57
Less: Employee stock compensation under fair value method (Rs. in lacs)	340.91	553.44
Proforma profit (Rs. in lacs)	87,312.13	61267.34
Earnings per share		
Basic (Rs.)		
- As reported	41.09	30.11
- Proforma	41.09	30.12
Diluted (Rs.)		
- As reported	40.92	28.64
- Proforma	40.92	28.65
Nominal Value	Rs 10.00	Rs. 10.00

14. During the year, the Company allotted 11,658,552 equity shares of Rs. 10/- each at a premium of Rs. 490.80 per share to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of SEBI (ICDR) Regulations, 2009. The Company also converted 8,000,000 warrants which were issued by way of preferential allotment to Shriram Holdings (Madras) Private Limited into equity shares of Rs. 10/- each at a premium of Rs. 290/-per share. The amount received has enhanced the networth and was utilized for the purpose of business operations.

15. Securitisation/ Direct assignment

The Company sells loans through securitisation and direct assignment. The information on securitisation / direct assignment activity of the Company as an originator is given below:

	Year ended March 31, 2010	Year ended March 31, 2009
Total number of loan assets securitized/directly assigned	380,673	149,860
Total book value of loan assets securitized/directly assigned (Rs. in lacs)	875,681.04	312,498.40
Sale consideration received for the securitised assets/directly assigned (Rs. in lacs)	921,631.22	338,334.83
Gain on account of securitization/direct assignment* (Rs. in lacs)	262,350.21	41,816.19

* Gain on securitisation / direct assignment deals done after February 1, 2006 is amortised over the period of the loan.

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

The information on securitisation / direct assignment activity of the Company as an originator as on March 31, 2010 and March 31, 2009 is given in the table below :

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
Outstanding credit enhancement		
Fixed Deposit	173,588.14	97,459.32
Outstanding liquidity facility		
Fixed Deposit	23,833.27	17,137.30
Outstanding subordinate contribution	2,665.30	3,301.71

16. Supplementary Statutory Information

I. Managing Director's Remuneration

(Rs. in lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
Salaries	45.46	40.00
Perquisites	7.19	8.13
Contribution to Provident fund	0.09	0.09
Employee stock option scheme	19.87	14.77
	72.61	**62.99**

Note: - As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director is not included above

The computation of profits under section 349 of the Act has not been given as no commission is payable to the Managing Director.

II Expenditure in foreign currency (On cash basis)

(Rs. in lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
Travelling	4.23	236.38
Others	2.62	3,320.21
	6.85	**3,556.59**

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

III Net dividend remitted in foreign exchange

	Year ended March 31, 2010		Year ended March 31, 2009	
Period to which it relates	**Interim 2009-10**	**Final 2008-09**	**Interim 2008-09**	**Final 2007-08**
Number of non-resident shareholders	-	-	6	6
Number of equity shares held on which dividend was due	-	-	42,403,023	42,403,023
Amount remitted (state the foreign currency)				
American Dollar	-	-	840,330	3,966,606
Amount in Rs. (Lacs)			424.03	1,696.12

17. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of schedule VI to the Act

I Licensed Capacity, Installed capacity, Actual production and Sales

Class of Goods	Units	Licensed Capacity as at March 31,		Installed Capacity as at March 31, (in KW)		Actual Production and Sales for the year ended March 31, (in units)		Sales Value (Rs. in lacs)	
		2010	2009	2010	2009	2010	2009	2010	2009
Electricity-Windmill	44	NA	NA	-	22,430		34,546,664	-	2,251.19*
Electricity-Biomass	1	NA	NA	-	7,500	-	32,192,600	-	1,014.07
*Includes compensation charges received towards generation loss.									

II Consumption of raw materials – indigenous

Raw material	Units	Quantity for the year ended March 31		Value for the year ended March 31 (Rs in lacs)	
		2010	2009	2010	2009
Biomass Raw material	Tons	-	69,354	-	687.17

18. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are required to be furnished.

19. During the year, the Company sold its entire investment in the wholly owned subsidiary, Shriram Asset and Equipment Finance Private Limited (SAEFPL), which was incorporated on June 04, 2009. Further, the Company incorporated wholly owned subsidiaries, Shriram Equipment Finance Company Limited (SEFCL) and Shriram Automall India Limited (SAIL). Both the companies have not commenced operations till March 31, 2010.

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

20. In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with other services provided by auditors in connection with public issue of non convertible debentures and issue expenses of equity shares of Rs. 40.07 lacs (including out of pocket expenses of Rs. 0.36 lacs) and Rs. 58.96 lacs (including out of pocket expenses of Rs. 0.51 lacs) respectively and have been amortised as per note 1(q) and shown under miscellaneous expenditure.

21. Since the company has not given any loans and advances in the nature of loans to its subsidiaries and associate and the subsidiaries /associates have not acquired any shares of the company, no disclosures under clause 32 of the Listing Agreeement are required. The receivables on current accounts consequent to expenditure incurred on behalf of the subsidiaries and the associate are not treated as loans and advances in the nature of loans.

22. During the year company sold windmills to Nupower Renewables Ltd. for a consideration of Rs. 4,882.92 lacs out of which a sum of Rs. 324.71 lacs have been kept in escrow account pending completion of certain formalities.

23. Previous year Comparatives

The figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's classification.

As per our report of even date

For S.R.BATLIBOI & Co.	**For G. D. Apte & Co.**	For and on behalf of the Board of Directors of	
Firm Registration No. 301003E	Firm Registration No. 100515W	**Shriram Transport Finance Company Limited**	
Chartered Accountants	Chartered Accountants		
per Shrawan Jalan	**U. S. Abhyankar**	**R Sridhar**	**S. Venkatakrishnan**
Partner	Partner	Managing Director	Director
Membership No. 102102	Membership No. 113053		
Mumbai		**K. Prakash**	
April 29, 2010		Vice President (Corporate Affairs) & Company Secretary	

Schedules Annexed

to and forming part of the accounts for the year ended March 31, 2010

As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

				(Rs. in lacs)
Particulars				**As on 31.03.2010**
Liabilities side :				
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		**Amount outstanding**	**Amount overdue**
	(a)	Debenture :	532,889.57	6,391.77#
		Secured		
		Unsecured (other than falling within the meaning of public deposits*)	2,604.10	NIL
	(b)	Deferred Credits	NIL	NIL
	(c)	Term Loans	1,019,523.94	NIL
	(d)	Inter-corporate loans and borrowing	16.75	NIL
	(e)	Commercial Paper	2,500.00	NIL
	(f)	Public Deposits*	11,782.22	81.64#
	(g)	Other Loans - Subordinate Debts	241,998.07	150.06#
		- Cash Credit	92,056.13	NIL
		- Corporate Loan	35,000	NIL
(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	11,782.22	81.64#
		*Please see Note 1 below		
		# Represent amounts unclaimed		
Assets side :				
				As on 31.03.2010 Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**			
	(a)	Secured		1,224.47
	(b)	Unsecured		-
(4)	**Break up of Leased Assets and stock on hire counting towards AFC activities**			
	(i)	Lease assets including lease rentals under sundry debtors :		
		(a) Financial lease		NIL
		(b) Operating lease		NIL
	(ii)	Stock on Hire including hire charges under sundry debtors :		
		(a) Assets on hire		NIL
		(b) Repossessed Assets		NIL
	(iii)	Other loans counting towards AFC Activities :		
		(a) Loans where assets have been repossessed		-
		(b) Loans other than (a) above		1,795,150.46

Schedules Annexed

to and forming part of the accounts for the year ended March 31, 2010

(5)	**Break-up of Investments :**		**As on 31.03.2010 Amount outstanding**
	Current Investments :		
	1. Quoted :		
	(i) Shares :		
		(a) Equity	240.00
		(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 - Investment in Certificate of Deposits	177,146.92
	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	3,497.70
	(v)	Others (Please specify)	NIL
	2.	Unquoted :	
	(i)	Shares:	
		(a) Equity	422.50
		(b) Preference	10.00
	(ii)	Debentures and Bonds	NIL
	(iii)	Units of mutual funds	NIL
	(iv)	Government Securities	NIL
	(v)	Others -Investment in SOT -Pass Through Certificate	4,284.55

(6)	**Borrower group-wise classification of assets, financed as in (3) and (4) above : Please see Note 2 below**		**As on 31.03.2010**		
	Category		**Amount (Net of provisions)**		
			Secured	**Unsecured**	**Total**
	1.	Related Parties			
		(a) Subsidiaries	NIL	NIL	NIL
		(b) Companies in the same group	NIL	NIL	NIL
		(c) Other related parties	NIL	NIL	NIL
	2.	Other than related parties	1,736,336.24	21,400.80	1,757,737.04

Schedules Annexed

to and forming part of the accounts for the year ended March 31, 2010

(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		As on 31.03.2010	
	Category		Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
	1.	Related Parties **		
		(a) Subsidiaries	213.26	215.00
		(b) Companies in the same group	NIL	NIL
		(c) Other related parties	597.60	240.00
	2.	Other than related parties	184,915.88	184,899.29
	* Cost is considered wherever market value is not available.			
	** As per Accounting Standard of ICAI (Please see Note 3)			

(8)	Other information		As on 31.03.2010
	Particulars		Amount
	(I)	Gross Non-Performing Assets	
		(a) Related parties	NIL
		(b) Other than related parties	51,126.65
	(ii)	Net Non-Performing Assets	
		(a) Related parties	NIL
		(b) Other than related parties	12,488.76
	(iii)	Assets acquired in satisfaction of debt	NIL

Notes :

1. As defined in Paragraph 2(1)(xii) of the Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
2. Provisioning norms shall be applicable as prescribed in the Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile As Per Part IV To Schedule VI to The Companies Act ,1956.

I. Registration Details

Registration No.	7	8	7	4	State Code			1	8
Balance Sheet Date	31	03	10						
	Date	Month	Year						

II. Capital raised during the year (Amount in Rs. '000s)

Public Issue					Rights Issue				
			-	-				-	-
Bonus Issue					**Private Placement**				
			-	-				2	2

0	0	6	2					

III. Position of mobilisation and Deployment of Funds (Amount in Rs. '000s)

Total Assets									Total Liabilities								
2	2	3	0	2	2	9	4	8	2	2	3	0	2	2	9	4	8

Sources of Funds

Paid-up Capital									Reserves & Surplus								
		2	2	5	5	4	1	8		3	6	0	9	2	2	1	0
Secured Loans									**Unsecured Loans**								
1	5	1	7	2	4	8	0	7		3	2	8	7	4	2	8	9

Other Liabilities								
				7	6	2	2	4

Application of Funds

Net Fixed Assets									Investments								
			4	6	4	4	5	1		1	8	5	6	0	1	6	7
Deferred Tax ACssets									**Net Current Assets**								
			7	4	7	2	1	3	2	0	2	8	8	0	2	4	8
Misc. Expenditure									**Accumulated Losses**								
			3	7	0	8	6	9					-	-			

IV. Performance of Company (Amount in Rs. '000s)

Turnover									Total Expenditure								
	4	4	9	9	6	3	8	2		3	1	7	5	0	4	7	0
+/-	**Profit/Loss Before Tax**								+/-	**Profit/Loss After Tax**							
+	1	3	2	4	5	9	1	2	+		8	7	3	1	1	7	4

Earnings Per Share in Rs.									Dividend Rate %								
				4	1	.	0	9							6	0	

V. Generic Names of Three Principal Products/Services of Company(as per Monetary Terms)

Item Code No. (ITC Code) N.A.

Product Description Hire Purchase, Leasing and Hypothecation Loan

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

Mumbai	**R Sridhar**	**S. Venkatakrishnan**	**K. Prakash**
April 29, 2010	Managing Director	Director	Vice President (Corporate Affairs) & Company Secretary

STATEMENT PURSUANT TO SECTION 212(1)(E) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	Name of the Subsidiary Company	Shriram Equipment Finance Company Limited	Shriram Automall India Limited
2	Financial year of the Subsidiary ended on	31.03.2010	31.03.2010
3	Holding Company's interest in the Subsidiary	2,100,000 shares of Rs. 10/- each (100 %)	500,000 shares of Rs. 10/- each (100 %)
4	Net aggregate amount of the profits of the subsidiary not dealt with in the Holding Company's accounts	(Rs. in lacs)	(Rs. in lacs)
	a) For the financial year of the Subsidiary Company	(1.19)	(0.55)
	b) For the previous financial years of the Subsidiary Company	Nil	Nil
5	Net aggregate amount of the profits /(Losses) of the subsidiary dealt with in the Holding Company's accounts	(Rs. in lacs)	(Rs. in lacs)
	a) For the financial year of the Subsidiary Company	Nil	Nil
	b) For the previous financial years of the Subsidiary Company	Nil	Nil

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

Mumbai
April 29, 2010

R.SRIDHAR
Managing Director

S.VENKATAKRISHNAN
Director

K.PRAKASH
Vice President (Coporate Affairs) & Company Secretary

Consolidated Financial Statements

Auditors' Report

To,

The Members

Shriram Transport Finance Company Limited (the "Company")

1. We S.R.Batliboi & Co. ("SRB") and G.D.Apte & Co. ("GDA") have jointly audited the attached consolidated balance sheet of Shriram Transport Finance Company Limited, its subsidiaries and associate (the "Group"), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date (collectively 'Financial Statements') annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the associate company, Shriram Asset Management Company Limited whose financial statements reflect net loss after tax of Rs.1,858,829 for the year ended March 31, 2010. These financial statements and other financial information have been audited by other auditors' whose reports have been furnished to us, and our opinion is based solely on the report of other auditors'.
4. The financial statements of the subsidiary company, Shriram Asset & Equipment Finance Private Limited that has been disposed off during the year, reflect net loss after tax of Rs. 315,183 for the period from June 04, 2009 upto December 14, 2009 are unaudited but are duly certified by the management and have been relied upon by us in framing this report.
5. We did not jointly audit the financial statements of Shriram Automall India Limited, whose financial statements reflect total assets of Rs.501,150 as at 31st March 2010, the total revenue of Rs. Nil and cash flows amounting to Rs. 497,250 for the year then ended. These financial statements and other financial information have been audited by G.D Apte & Co. whose report has been furnished to S.R. BATLIBOI & Co, and the joint opinion is based solely on the report of G.D Apte & Co.
6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated financial statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
7. Based on our audit and on consideration of reports of other auditors' on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;
   (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R.BATLIBOI & Co.
Firm registration
No: 301003E
Chartered Accountants
per Shrawan Jalan
Partner
Membership No.: 102102
Mumbai, April 29, 2010

For G. D. Apte & Co.
Firm registration
No: 100515W
Chartered Accountants
U. S. Abhyankar
Partner
Membership No: 113053
Mumbai, April 29, 2010

Consolidated Balance Sheet

as at March 31, 2010

(Rs. in lacs)

	Schedule	As at March 31, 2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	1	22,554.18
Share application money pending allotment		5.22
Stock option outstanding	2	757.02
Reserves and surplus	3	361,095.63
Loan Funds		
Secured loans	4	1,517,248.07
Unsecured loans	5	328,742.89
Total		**2,230,403.01**
APPLICATION OF FUNDS		
Fixed and intangible assets	6	
Gross block		9,762.22
Less : Accumulated depreciation and amortisation		5,117.71
Net block		4,644.51
Capital W-I-P		4.55
		4,649.06
Investments	7	185,561.94
Deferred tax Assets (net) (Refer note 2(10) of Schedule 20)		7,472.94
Current Assets, Loans and Advances		
Current assets	8	
- Asset under financing activities		1,796,495.25
- Cash and Bank Balances		453,948.97
- Other current assets		5,024.96
		2,255,469.18
Other loans and advances	9	240,958.07
		2,496,427.25
Less : Current Liabilities & Provisions		
Current liabilities	10	390,863.52
Provisions	11	76,553.35
		467,416.87
Net Current Assets		2,029,010.38
Miscellaneous expenditure	12	3,708.69
(to the extent not written off or adjusted)		
Total		**2,230,403.01**
Significant Accounting Policies and Notes to Accounts	20	
The schedules referred to above form an integral part of the Balance Sheet		

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
April 29, 2010

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

U. S. Abhyankar
Partner
Membership No. 113053

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Consolidated Profit & Loss Account

for the year ended March 31, 2010

(Rs. in lacs)

	Schedule	Year Ended March 31, 2010
INCOME		
Income from operations	13	440,282.74
Other income	14	9,685.90
Total		**449,968.64**
EXPENDITURE		
Interest & other charges	15	224,678.93
Personnel expenses	16	22,508.15
Operating & other expenses	17	27,258.49
Depreciation and amortisation		1,495.84
Share & Debenture issue expenses written off	18	505.63
Provisions & write offs (net)	19	41,064.86
Total		**317,511.90**
Profit before taxation		**132,456.74**
Provision for taxation		
Current tax		49,980.20
Deferred tax (Refer note 2(10) of Schedule 20)		(4,833.46)
Total tax expense / (income)		**45,146.74**
Net profit after tax		**87,310.00**
Share of Losses of Associate		(7.44)
Net profit after taxes, Minority Interest and Share of Loss of Associate		**87,302.56**
Balance brought forward from previous year		58,309.25
Profit available for appropriation		**145,611.81**
APPROPRIATIONS:		
Interim dividend		4,254.76
Final dividend (Refer note 2(3) of Schedule 20)		325.18
Proposed Final dividend		9,020.71
Tax on dividend		778.36
Tax on proposed dividend		1,498.25
Transfer to debenture redemption reserve		10,442.08
Transfer to statutory reserve		17,500.00
Transfer to general reserve		8,800.00
Surplus carried to Balance Sheet		**92,992.47**
Earnings per share (Refer note 2(9) of Schedule 20)		
Basic (Rs.)		41.08
Diluted (Rs.)		40.91
Nominal Value of Equity Share (Rs.)		10.00
*Share of minority being negligible, minority interest in the loss of the subsidiary is nil		
Significant Accounting Policies and Notes to Accounts	20	
The schedules referred to above form an integral part of the Profit and Loss Account		

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

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

U. S. Abhyankar
Partner
Membership No. 113053

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2010

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2010

(Rs. in lacs)

	Particulars	Year Ended March 31, 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Net Profit before taxation	132,456.74
	Depreciation and amortisation	1,495.84
	Issue expenses for equity shares	25.28
	Public issue expenses for non convertible debentures	473.42
	(Profit) / loss on sale of fixed assets (net)	(62.40)
	(Profit) / loss on sale of current and long term investments (net)	(1,812.65)
	Interest income on current and long term investments and interest income on fixed deposits	(3,179.95)
	Dividend income	(874.71)
	Employees Stock option compensation cost	341.30
	Provision for credit loss on securitisation	7,971.84
	Provisions for non performing assets and bad debt written off	33,622.02
	Provision for gratuity	148.71
	Provision for leave encashment	146.44
	Provision for diminution in value of investments	20.34
	Operating profit before working capital changes	**170,772.22**
	Movements in working capital:	
	(Increase) / decrease in current assets:	
	(Increase) / decrease in inventories	126.81
	(Increase) / decrease in asset under financing activities	(19,813.77)
	(Increase) / decrease in sundry debtors	399.24
	(Increase) / decrease in other current assets	(1,008.93)
	(Increase / decrease in other loans and advances	(201,029.73)
	Increase / (decrease) in current liabilities	185,952.24
	Cash generated from operations	**135,398.08**
	Direct taxes paid (net of refunds)	(48,629.30)
	Net cash used in operating activities (A)	**86,768.78**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**	
	Investment in Fixed deposits (net)	(88,988.21)
	Purchase of fixed and intangible assets	(629.41)
	Proceeds from sale of fixed assets	7,973.48
	Purchase of Investment	(2,501,835.74)
	Proceeds from sale of investments	2,383,738.05
	Interest received on current and long term investments and interest on fixed deposits	2,897.87
	Dividend received	874.71
	Net cash used in investing activities (B)	**(195,969.25)**

Consolidated Cash Flow Statement

for the year ended March 31, 2010

(Rs. in lacs)

	Particulars	Year Ended March 31, 2010
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**	
	Proceeds from issue of equity share capital including securities premium & Share application	80,799.14
	Increase / (decrease) in bank borrowings (net)	(110,368.29)
	Increase / (decrease) in long term borrowings from others (net)	(68,604.27)
	Increase / (decrease) in fixed deposits (net)	10,991.07
	Increase / (decrease) in subordinate debts (net)	51,823.24
	Increase / (decrease) in redeemable non convertible debentures (net)	408.53
	Increase / (decrease) in inter corporate deposits and commercial papers (net)	(50,390.48)
	Issue expenses for equity shares paid	(1,414.53)
	Public issue expenses for non convertible debentures paid	(2,690.64)
	Dividend paid	(12,720.40)
	Tax on dividend	(2,161.83)
	Net cash from financing activities (C)	**(104,328.46)**
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(213,528.93)**
	Cash and Cash Equivalents at the beginning of the year	**461,054.26**
	Cash and Cash Equivalents at the end of the year	**247,525.33**
	Components of Cash and Cash Equivalents	**As at March 31, 2010**
	Cash on hand	7,818.91
	Cheques on hand	2,220.79
	Remittances in transit	9.48
	With Banks - in Current Account	166,023.34
	- in unpaid dividend accounts *	274.83
	- in fixed deposits (Original maturity being three months or less)	71,177.98
		247,525.33

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

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

U. S. Abhyankar
Partner
Membership No. 113053

Mumbai
April 29, 2010

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Schedules
forming part of the Consolidated Balance Sheet

	(Rs. in lacs)
	As at March 31, 2010
SCHEDULE 1 - SHARE CAPITAL	
Authorised	
335,000,000 Equity Shares of Rs.10/- each	33,500.00
20,000,000 Preference Shares of Rs.100/- each	20,000.00
	53,500.00
Issued, Subscribed & Fully Paid up	
Equity Shares	
225,517,818 equity shares of Rs. 10/- each	22,551.78
Of the above :	
i)79,279,236 equity shares of Rs.10/- each allotted for consideration other than cash pursuant to the schemes of amalgamation.	
ii) 2,957,800 equity shares of Rs.10/- each have been issued under employee stock option scheme.	
[Refer note no. 2(13) of Schedule 20]	
Add : Share forfeiture	2.40
[48,000 equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)]	
	22,554.18
SCHEDULE 2 - STOCK OPTION OUTSTANDING	
Employee stock option outstanding	955.97
Less : Deferred employee compensation outstanding	198.95
	757.02
SCHEDULE 3 - RESERVES AND SURPLUS	
Capital Reserve	17.03
Capital Redemption Reserve	5,388.35
Debenture Redemption Reserve	
Balance as per last account	-
Add: Transfer from Profit & Loss Account	10,442.08
	10,442.08
Securities Premium Account	
Balance as per last account	91,689.29
Add: Amount received during the year	82,730.28
	174,419.57
Statutory Reserve	
Balance as per last account	33,899.79
Add: Transfer from Profit & Loss Account	17,500.00
	51,399.79
General Reserve	
Balance as per last account	17,453.63
Add: Transfer from Profit & Loss Account	8,800.00
	26,253.63
Balance in Profit & Loss Account	92,992.47
Add: Share of profit in Associate upto March 31, 2009 (Refer note 2 (19) of Schedule 20)	182.71
	93,175.18
	361,095.63

Schedules
forming part of the Consolidated Balance Sheet

	(Rs. in lacs)
	As at March 31, 2010
SCHEDULE 4 - SECURED LOANS	
Redeemable non convertible debentures	483,087.87
[Refer note 2(1)(a)(i)(ii)(iii) of Schedule 20]	
Term loans	
i) From Financial institutions / Corporates	12,188.42
[Refer note 2(1)(b)(i) of Schedule 20]	
ii) From banks	929,935.14
[Refer note 2(1)(b)(ii) of Schedule 20]	
Cash credit from banks including working capital demand loan	92,036.64
[Refer note 2(1)(c) of Schedule 20]	
	1,517,248.07
SCHEDULE 5 - UNSECURED LOANS	
Fixed deposits	11,479.51
[Due within one year Rs. 2,705.07 lacs]	
Inter corporate deposits	16.68
[Due within one year Rs. 14.42 lacs]	
Subordinated debts	
i) From banks	33,530.00
[Due within one year Rs. Nil]	
ii) From others	173,069.49
[Due within one year Rs. 19,098.45 lacs]	
Redeemable non-convertible debentures from other than banks	2,500.00
(Redeemable at par on September 25, 2010)	
[Due within one year Rs. 2,500.00 lacs]	
Commercial papers (Short Term)	
i) From banks	-
[Due within one year Rs Nil]	
ii) From others	2,500.00
[Due within one year Rs 2,500.00 lacs]	
[Maximum amount raised at anytime during the period :Rs. 48,250.00 lacs]	
Term loan :	
i) From banks	70,647.21
[Due within one year Rs. 18,000.00 lacs]*	
ii) From corporates	35,000.00
[Due within one year Rs. 35,000.00 lacs]*	
	328,742.89
*Debentures having put/call option and loans with recall option are considered as due within one year.	

Schedules

forming part of the Consolidated Balance Sheet

SCHEDULE 6 - FIXED AND INTANGIBLE ASSETS													
													(Rs. in lacs)
Particulars	**Gross Block**				**Depreciation / Amortisation**				**Impairment losses**				**Net Block**
	As at April 1, 2009	**Additions**	**Deletions**	**As at March 31, 2010**	**As at April 1, 2009**	**For the period**	**Deletions**	**As at March 31, 2010**	**As at April 1, 2009**	**Additions**	**Deletions**	**As at March 31, 2010**	**As at March 31, 2010**
ASSETS FOR OWN USE													
Land - Freehold	119.41	-	109.23	10.18	-	-	-	-	-	-	-	-	10.18
Buildings	449.31	-	-	449.31	49.41	7.32	-	56.73	-	-	-	-	392.58
Plant and Machinery	13,802.95	303.60	10,869.06	3,237.49	6,264.60	406.71	5,312.94	1,358.37	571.88	-	571.88	-	1,879.12
Furniture and Fixtures	1,178.58	81.52	10.57	1,249.53	473.19	71.00	5.31	538.88	-	-	-	-	710.65
Vehicles	263.42	-	90.34	173.08	119.64	21.27	41.24	99.67	-	-	-	-	73.41
Leasehold Improvement	3,726.31	175.50	154.07	3,747.74	1,842.57	773.66	139.90	2,476.33	-	-	-	-	1,271.41
INTANGIBLE ASSETS													
Computer Software	542.48	64.24	-	606.72	514.08	23.36	-	537.44	-	-	-	-	69.28
TOTAL (A)	**20,082.46**	**624.86**	**11,233.27**	**9,474.05**	**9,263.49**	**1,303.32**	**5,499.39**	**5,067.42**	**571.88**	**-**	**571.88**	**-**	**4,406.63**
ASSETS GIVEN ON OPERATING LEASE													
Land	104.30	-	34.55	69.75	-	-	-	-	-	-	-	-	69.75
Buildings	218.42	-	-	218.42	46.73	3.56	-	50.29	-	-	-	-	168.13
Plant and Machinery	3,644.90		3,644.90	-	741.41	188.96	930.37	-	-	-	-	-	-
TOTAL (B)	**3,967.62**	**-**	**3,679.45**	**288.17**	**788.14**	**192.52**	**930.37**	**50.29**	**-**	**-**	**-**	**-**	**237.88**
TOTAL (A)+ (B)	**24,050.08**	**624.86**	**14,912.72**	**9,762.22**	**10,051.63**	**1,495.84**	**6,429.76**	**5,117.71**	**571.88**	**-**	**571.88**	**-**	**4,644.51**

Schedules

forming part of the Consolidated Balance Sheet

(Rs. in lacs)

		Quantity As at March 31, 2010		Amount As at March 31, 2010
SCHEDULE 7 - INVESTMENTS				
	Long Term Investments (At cost)			
	Trade			
	Shares : Fully paid up			
	Unquoted - Preference Share			
	Mahaveer Finance India Ltd.			
	(10% Cumulative Redeemable Preference Share of Rs 10/- each)	100,000		10.00
	Other than trade			
A.	**Government Securities [Refer note 2(8) of Schedule 20]**			
	Quoted			
	12.40% GOI Loan 2013 (Face Value - Rs. 85 Lacs)	85,000		86.09
	6.13% GOI Loan 2028 (Face Value - Rs. 176 Lacs)	176,000		178.55
	7.40% GOI Loan 2012 (Face Value - Rs. 13.50 Lacs)	13,500		15.27
	7.02% GOI 2016 (Face Value-Rs. 400.00 Lacs) (Purchased during the year)	400,000		391.30
	11.50% Tamilnadu Loan 2010 (Face Value - Rs. 0.06 Lacs)	60		0.06
	12.00% Tamilnadu Loan 2011 (Face Value - Rs. 3.00 Lacs)	3,000		3.03
	6.49 % GOI 2015 (Face Value - Rs. 500.00 Lacs) (Purchased during the year)	500,000		480.00
	6.35 % GOI 2020 (Face Value - Rs. 2000.00 Lacs) (Purchased during the year)	2,000,000		1,847.00
	8.24% GOI 2027 (Face Value-Rs. 500.00 Lacs) (Purchased during the year)	500,000		496.40
B.	**Shares : Fully paid up**			
	Quoted - Equity shares Fully paid up			
	In Associates			
	Shriram Asset Management Company Limited (Face value of Rs.10/-each)*			
	Cost of investment	2,400,000	240.00	
	(including Rs. Nil of Goodwill net of Capital Reserve arising on consolidation)			
	Add: - Share of post acquisition profit		175.27	
				415.27
	Unquoted - Equity shares			
	State Industrial Investment Corporation of Maharashtra Limited (Face value of Rs.10/- each)	50,000		40.00
	Credential Finance Limited (Face value of Rs.10/-each)	25,000		25.00
	Ashley Transport Services Limited (Face value of Rs.100/- each)	225,000		142.50

Schedules

forming part of the Consolidated Balance Sheet

			(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)			
C.	**Pass Through Certificates**		
	Corporate Loan Securatisation series XXXIII Trust 2006	40	4,284.55
	(Face value Rs. 4017.84 lacs, annualised yield NSEMIBOR + 800 bps subject to floor of 9.20% p.a. and cap of 9.40% p.a.)		
	Current Investments (At lower of cost and fair value)		
	Other than trade		
	Investment in Certificate of Deposit with Banks - Unquoted		
	Allahabad Bank	15,000	14,802.47
	Canara Bank	23,500	23,112.01
	Central Bank of India	4,000	3,944.22
	Corporation Bank	12,500	12,317.12
	HDFC Bank Limited	20,000	18,830.98
	ICICI Bank Limited	26,500	26,201.29
	Industrial Development Bank Of India Limited	7,500	7,400.37
	Punjab National Bank	25,000	24,627.78
	State Bank of Mysore	12,000	11,646.54
	State Bank of Patiala	2,500	2,427.79
	State Bank of Travancore	5,000	4,911.18
	Syndicate Bank	17,500	17,352.25
	Union Bank of India	10,000	9,572.92
			185,561.94
	Aggregate Value of Quoted Investments		
	Cost		3,737.70
	Market Value		4,030.61
	Aggregate Value of Unquoted Investments		
	Cost		181,648.97

*These shares are subject to restrictive covenants of regulatory authority.

Schedules

forming part of the Consolidated Balance Sheet

(Rs. in lacs)

SCHEDULE 7 - INVESTMENTS (Contd.)

Details of Investments Purchased and Redeemed during the year ended March 31, 2010

Current Investment (At Cost)

Investments In Mutual Fund	Quantity	Amount
AIG India Liquid Fund Super Institutional Daily Dividend	899,100.90	9,000.00
AIG India Liquid Fund Super Institutional Growth	1,064,671.96	12,500.00
Axis Liquid Fund - Growth	4,405,630.20	44,500.00
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	99,937,039.67	10,000.00
Baroda Pioneer Liquid Fund - Institutional Growth Plan	95,736,939.52	10,000.00
Bharti AXA Liquid Fund-Super Institutional Daily Dividend Plan	1,500,000.00	15,000.00
Bharti AXA Liquid Fund-Super Institutional Growth Plan	1,371,440.87	15,000.00
Birla Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	194,620,490.04	19,500.00
Birla Sunlife Cash Plus- Instl Prem Growth Plan	219,648,862.73	32,000.00
Black Rock Liquidity Fund-Institutional Plan -Daily Dividend	949,810.04	9,500.00
Canara Robeco Liquid Super Institutional Growth Fund	207,735,951.68	23,000.00
DBS Chola Instititional-Daily Dividend Reinvestment Plan	123,710,932.09	12,500.00
DBS Chola Liquid Super Institutional Plan Cumulative - Growth	92,503,020.15	11,500.00
DSP Blackrock Cash Manager Fund- Institutional Growth	86,480.04	1,000.00
DSP Blackrock Liquidity Fund- Institutional Growth	1,954,495.06	25,500.00
DWS Insta Cash Plus Fund- Super Institutional Plan Growth	304,373,588.11	36,000.00
DWS Insta Cash Plus Fund-Super Instiutional Plan Daily Dividend	284,158,596.39	28,500.00
Fortis Money Plus Institutional Growth	72,741,556.52	10,000.00
Fortis Overnight Institutional Plus Daily Dividend	254,923,522.94	25,500.00
Fortis Overnight Institutional Plus Growth	582,842,031.66	65,000.00
GCCD IDFC Cash Fund-Super Inst Plan C - Growth	311,067,850.42	34,500.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	69,982,504.37	7,000.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	49,987,503.12	5,000.00
HDFC Liquid Fund Premium Plan -Dividend - Daily Reinvestment	285,485,897.00	35,000.00
HDFC Liquid Fund Premium Plan Growth	437,250,379.74	80,000.00
HSBC Cash Fund - Institutional Plus - Growth	138,829,680.29	19,500.00
HSBC Cash Fund-Institutional Plus-Daily Dividend	114,935,636.04	11,500.00
ICICI Prudential Flexible Income Plan Premium - Growth	5,882,266.44	10,000.00
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	130,424,059.39	85,000.00
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend	399,923,016.01	40,000.00
ING Liquid Fund Super Insitutional - Daily Dividend Option	94,954,421.88	9,500.00
ING Liquid Fund Super Institutinal Growth Option	180,006,270.97	24,500.00

Schedules

forming part of the Consolidated Balance Sheet

		(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)		
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend (92)	144,761,144.11	14,500.00
JM High Liquidity Fund - Super Institutional Plan Growth	220,782,313.01	31,500.00
JP Morgan India Liquid Fund Super Insti Growth Plan	211,914,852.79	25,000.00
JPLDI-JP Morgan India Liquid Fund-Super Inst. Daily Dividend Plan-Reinvestment	169,865,806.01	17,000.00
Kotak Liquid - Institutional Premium - Growth	362,189,588.47	67,000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	155,379,821.89	19,000.00
L&T Liquid Super Institutional Plan - Cumulative - Growth	31,704,582.40	4,000.00
LIC Mutual Fund Liquid Fund - Dividend Plan	72,859,081.43	8,000.00
LIC Mutual Fund Liquid Fund - Growth Plan	867,957,627.39	145,500.00
NLFSD Canara Robeco Liquid Super Instt Daily Dividend Reinvestment Fund	129,469,176.38	13,000.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan-Dividend Reinvestment Daily	174,987,750.86	17,500.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan Growth	133,918,506.55	19,000.00
Reliance Liquid Fund - Growth Option	613,863,994.07	84,500.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	449,860,543.24	45,000.00
Religare Liquid Fund Super Institutional Daily Dividend	259,833,706.43	26,000.00
Religare Liquid Fund Super Institutional Growth	446,401,969.42	56,000.00
SBI - Magnum Insta Cash Fund - Daily Dividend Option	89,655,843.34	11,000.00
SBI Magnum Insta Cash Fund - Cash Option - Growth	341,591,864.72	69,500.00
SBI Premium Liquid Fund - Super Institutional - Growth	104,911,718.01	15,000.00
SBNPP Money Fund Super Instituional Growth	67,616,736.57	13,000.00
SBNPP Money Fund Super Institutional Daily Dividend Reinvestment	74,291,997.27	7,500.00
Shinsei Liquid Fund Institutional Daily Dividend Plan	130,504,917.24	18,500.00
Shinsei Liquid Fund Institutional Growth	11,116,207.32	13,500.00
Shinsei Treasury Advantage Fund Growth	100,000.00	1,000.00
Tata Liquid Super High Investent Fund -Daily Dividend	3,633,851.34	40,500.00
Tata Liquid Super High Investment Fund - Appreciation	5,754,507.77	97,000.00
Taurus Liquid Fund Super Institutional Daily Dividend Plan	74,999,800.00	7,500.00
Taurus Liquid Fund Super Institutional Growth	145,336,802.75	20,000.00
Templeton India Treasury Management Account Super Institutional Plan - Growth	1,038,614.51	14,000.00
Templeton India Treasury Management Acount Super Institutional Plan-Daily Dividend Reinvestment	1,249,159.32	12,500.00
UTI Floating Rate Fund - Short Term Plan - Institutional Growth Option	967,736.91	10,000.00

Schedules

forming part of the Consolidated Balance Sheet

		(Rs. in lacs)
SCHEDULE 7 - INVESTMENTS (Contd.)		
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1,471,387.83	15,000.00
UTI Liquid Cash Plan Institutional - Growth Option	4,432,338.36	66,500.00
TOTAL	**10,268,317,593.92**	**1,801,500.00**
Details of Investments Purchased and Redeemed during the year ended March 31, 2010		
Current Investment (At Cost)		
Investment in Certificate Of Deposit	**Quantity**	**Amount**
Allahabad Bank	22,500	22,014.28
Andhra Bank	28,500	28,223.37
Axis Bank Limited	14,500	14,154.67
Bank of Baroda	500	499.24
Bank of India	10,000	9,862.09
Bank of Maharashtra	5,000	4,994.73
Canara Bank	40,000	39,436.86
Central Bank of India	2,500	2,420.62
Corporation Bank	35,000	34,496.86
Federal Bank Limited	5,500	5,388.88
ICICI Bank Limited	28,000	27,165.75
IDBI Bank Limited	5,000	4,817.10
IndusInd Bank Limited	12,500	12,412.09
Jammu & Kashmir Bank	500	499.79
Kotak Mahindra Bank Limited	4,500	4,391.76
Oriental Bank of Commerce	5,000	4,963.36
Punjab & Sind Bank	40,000	39,617.53
Punjab National Bank	88,000	85,911.59
State Bank of Bikaner and Jaipur	5,000	4,805.90
State Bank of Hyderabad	16,500	16,218.89
State Bank of Mysore	10,000	9,749.63
State Bank of Patiala	10,000	9,734.63
State Bank of Travancore	9,000	8,581.11
Syndicate Bank	29,900	29,630.78
United Bank of India	72,500	71,679.28
Yes Bank	22,500	21,799.91
TOTAL	**522,900**	**513,470.70**

Schedules

forming part of the Consolidated Balance Sheet

	(Rs. in lacs)
	As at March 31, 2010
SCHEDULE 8 - CURRENT ASSETS	
Assets under financing activities (considered good unless stated otherwise)	
Secured*	
Hypothecation loans	1,773,740.20
Other loans	1,216.58
Unsecured**	
Unsecured loans	21,410.26
Advance - hypothecation loans	128.21
	1,796,495.25
*[Includes non performing assets Rs. 51,117.19 Lacs]	
**[Includes non performing assets Rs. 9.46 Lacs]	
Cash & bank balances	
i) Cash on hand	7,818.91
ii) Cheques on hand	2,220.79
iii) Remittances in transit	9.48
iv) Balances with scheduled banks in:	
Current accounts	166,298.17
Fixed deposit accounts#	277,601.62
	453,948.97
Other current assets	
Interest accrued on investments	666.89
Interest accrued on fixed deposits and other loans and advances	4,358.07
	2,255,469.18
# Includes Fixed deposits of Rs. 197,421.41 lacs pledged with Banks as margin for securitisation and Rs. 8,534.94 lacs pledged as lien against loans taken.	
SCHEDULE 9 - OTHER LOANS AND ADVANCES	
Unsecured, considered good	
Advances recoverable in cash or in kind or for value to be received	229,668.92
Service tax credit (input) receivable	537.34
Prepaid expenses	8,649.99
Inter-corporate deposits	1,379.21
Security deposits	722.61
	240,958.07

Schedules

forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	As at March 31, 2010
SCHEDULE 10 - CURRENT LIABILITIES	
Sundry creditors other than Micro and Small Enterprises (Refer note 2(17) of Schedule 20)	23,291.23
Interest accrued but not due on loans	84,941.79
Application money on redeemable non convertible debentures	798.77
Application money on Subordinated debts	15.79
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)	
- Unclaimed matured deposits	60.65
- Unclaimed matured debentures	5,116.68
- Unclaimed matured subordinate debts	117.13
- Interest accrued and due on above	1,329.00
- Unclaimed dividend	269.67
Temporary credit balance in bank accounts	29,551.21
Securitization deferred income	236,518.83
Other liabilities	8,852.77
	390,863.52
SCHEDULE 11 - PROVISIONS	
For non-performing assets	38,637.89
For credit loss on securitisation	24,986.49
For income tax [net of advance for income tax Rs. 140,810.65 lacs]	980.68
For fringe benefit tax[net of advance fringe benefit tax Rs. 1,089.44 lacs]	7.67
For diminution in value of investments	247.37
For leave encashment and availment	561.66
For gratuity	612.63
Proposed dividend	9,020.71
Tax on proposed dividend	1,498.25
	76,553.35
SCHEDULE 12 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	
Public issue expenses for non convertible debentures	2,217.22
Issue expenses for equity shares	1,491.47
	3,708.69

Schedules

forming part of the Consolidated Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010
SCHEDULE 13 - INCOME FROM OPERATIONS	
Finance & service charges *	361,545.82
Interest on other loans *	360.10
Interest on margin money on securitisation*	10,367.78
Income on securitisation	68,009.04
	440,282.74
*** Tax deducted at source of Rs. 1,916.12 lacs.**	
SCHEDULE 14 - OTHER INCOME	
Buyer-seller facilitation fees	3,053.46
Interest on deposits with banks *	1,698.44
Income from operating lease *	453.91
Profit on sale of assets (net)	62.40
Income from Long Term Investments (non trade)	
- Profit on sale of investments	66.55
- Profit on disposal of subsidiary	3.15
- Dividend	0.25
- Interest on government securities	100.51
- Interest on pass through certificates	119.18
Income from Current Investments (non trade)	
- Profit on sale of investments	1,746.10
- Dividend	874.46
- Interest on certificate of deposits	1,068.27
- Discount on CBLO	193.55
Miscellaneous income	245.67
	9,685.90
*** Tax deducted at source of Rs. 251.83 lacs.**	

Schedules

forming part of the Consolidated Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010
SCHEDULE 15 - INTEREST & OTHER CHARGES	
Interest & Other Charges on :	
Debentures #	65,969.57
Subordinated debts	23,214.26
Fixed deposits	475.98
Loans from banks ##	105,813.69
Loans from institutions and others	13,455.67
Commercial paper	2,199.54
Bank charges	2,350.85
Professional charges - resource mobilisation	4,895.23
Processing charges on loans/securitization	3,605.42
Discount on sale of second loss credit / liquidity facilities	584.00
Fees on sale of second loss credit / liquidity facilities	2,114.72
	224,678.93
# Includes interest on Debenture paid to Managing director Rs.0.26 Lacs.	
## Includes interest on loans other than loans for fixed period Rs. 7,044.52 Lacs.	
SCHEDULE 16 - PERSONNEL EXPENSES	
Salaries & other allowances	21,020.66
Gratuity expenses	197.65
Contribution to provident and other funds	976.89
Staff welfare expenses	312.95
	22,508.15
SCHEDULE 17 - OPERATING AND OTHER EXPENSES	
Rent	3,557.92
Electricity expenses	467.29
Repairs & maintenance	
- Plant & machinery	5.79
- Buildings	0.70
- Others	2,273.27
Rates & taxes	230.01
Printing & stationery	1,483.07
Travelling & conveyance	3,329.11
Advertisement	443.50
Brokerage and discount	5,442.03
Sourcing fees	23.96
Royalty	1,240.78

Schedules

forming part of the Consolidated Profit & Loss Account

(Rs. in lacs)

	For the year ended March 31, 2010
Directors' sitting fees	14.65
Insurance	148.37
Communication expenses	2,571.12
Auditor's remuneration (Refer note 2(20) of Schedule 20)	
- Audit fees	72.97
- Tax audit fees	2.76
- Other services	3.31
- Out of pocket	4.82
Legal & professional charges	2,827.61
Donations	161.81
Miscellaneous expenses	2,953.64
	27,258.49
SCHEDULE 18 - SHARE & DEBENTURE ISSUE EXPENSES WRITTEN OFF	
Issue expenses for equity shares	25.28
Public issue expenses for non convertible debentures	473.42
Preliminary Expenses	6.93
	505.63
SCHEDULE 19 - PROVISIONS & WRITE OFFS	
Provision for non performing assets	14,953.03
Provision for credit loss on securitisation	7,971.84
Provision for diminution in value of investments	20.34
Bad debts written off	18,668.99
Bad debt recovery	(549.34)
	41,064.86

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Consolidated financial statements relates to M/s. Shriram Transport Finance Company Limited (the Company), its subsidiary companies and associate. The Company, its subsidiary companies and associate constitute the Group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis.

(b) Basis of consolidation

i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2010 and are prepared based on the accounting policies consistent with those used by the Company.

ii) The financial statements of the Group have been prepared in accordance with the Accounting Standard 21- 'Consolidated Financial Statements' and Accounting Standard 23 – 'Accounting for investments in Associates in Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006, as amended and other generally accepted accounting principles in India.

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

1. The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

2. The consolidated financial statements include the share of profit / loss of the associate company which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An Associate is an enterprise in which the investor has significant influence and which is neither a Subsidiary nor a Joint Venture of the Investor.

3. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

4. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

iv) The following subsidiary companies are considered in the consolidated financial statements:

Sr. No.	Name of the Subsidiary Company	Country of incorporation	% of holding either directly as at March 31, 2010
1.	Shriram Asset and Equipment Finance Private Limited (From June 04, 2009 to December 14, 2009)	India	-
2.	Shriram Equipment Finance Company Limited (w.e.f. December 15, 2009)	India	100%
3.	Shriram Automall India Limited (w.e.f. February 11, 2010)	India	100%

v) The details of associate company are as follows :

Sr. No.	Name of the Associate Company	Country of incorporation	Share of ownership interest as at March 31, 2010
1.	Shriram Asset Management Company Limited	India	40.00%

(c) Use of estimates

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

(d) Fixed Assets, Depreciation/Amortisation and Impairment of assets

Fixed Assets

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

Depreciation/Amortisation

Depreciation/Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The assets for which rates higher used are as follows :

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Windmills	10%	5.28%
Computer Software	33.33%	16.67%

Windmills are amortised over the remaining life of the asset, the life of windmills are estimated to be 10 years.

Leasehold improvement is amortised over the primary period of lease subject to a maximum of 60 months.

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

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized 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 at the weighted average cost of capital.

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

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(e) Investments

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

(f) Provisioning / Write-off of assets

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

(g) Hypothecation loans

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

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

(h) Leases

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return ('IRR'). The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs are recognised immediately in the Profit and Loss Account.

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

Where the Company is the lessee

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

(i) Foreign currency translations

Initial recognition

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

Conversion

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

Exchange differences

All exchange differences are dealt with in the profit and loss account.

(j) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares:

Lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

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

i. Finance and service charges on financial lease/ loans is recognised on the basis of internal rate of return.

ii. Income recognized and remaining unrealized after installments become overdue for six months or more in case of secured loans and twelve months or more in case of financial lease transactions are reversed and are accounted as income when these are actually realized.

iii. Additional finance charges / additional interest are treated to accrue only on realization, due to uncertainty of realization and are accounted accordingly.

iv. Gains arising on securitization/direct assignment of assets is recognized over the tenure of agreements as per guideline on securitization of standard assets issued by RBI, loss, if any is recognised upfront.

v. Income from power generation is recognized on supply of power to the grid as per the terms of the Power Purchase Agreements with State Electricity Boards.

vi. Income from services is recognized as per the terms of the contract on accrual basis.

vii. Interest income on fixed deposits/margin money, call money (CBLO), certificate of deposits and pass through certificates is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

viii. Dividend is recognized as income when right to receive payment is established by the date of balance sheet.

ix. Profit/loss on the sale of investments is recognized at the time of actual sale/redemption.

x. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.

(l) Employee benefits

Provident Fund

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

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the reporting date.

Leave Encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

(m) Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

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

(n) Segment reporting policies

Identification of segments:

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

Unallocated items:

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

Segment Policies :

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

(o) Earnings per share

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

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

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

(p) Provisions

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

(q) Cash and cash equivalents

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

(r) Equity shares and Debentures issue expenses

Issue expenses incurred on issue of equity shares are charged on a straight line basis over a period of 10 years.

Public issue expenses incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures.

(s) Ancillary cost of borrowingss

Ancillary cost of borrowings are charged to Profit & Loss account in the year in which they are incurred.

(t) Employee stock compensation costs

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

2. NOTES TO ACCOUNTS

1. Secured Loans

a) (i) Privately placed Redeemable Non-convertible Debentures of Rs.1,000/- each

	As at March 31, 2010
Number	18,870,314
Amount Rs. in lacs	188,703.14

Secured by equitable mortgage of title deeds of immovable property. Further secured by charge on plant and machinery, furniture and other fixed assets of the Company, charge on Company's hypothecation loans, other loans, advances and investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

Debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement. The earliest date of redemption is 01.04.2010

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company

(ii) Privately Placed Redeemable Non-Convertible Debenture of Rs.1,000,000/- each

Date of Allotment/renewal	Amount (Rs. in lacs)	Redeemable at par on
	As at March 31, 2010	
05.07.2007	5,000.00	05.07.2010
09.07.2007	7,000.00	09.07.2010
11.07.2007	1,000.00	09.07.2010
25.07.2007	10,000.00	25.07.2010
25.07.2007	2,500.00	25.07.2010
10.09.2007	2,500.00	10.09.2010
15.10.2007	2,000.00	15.10.2010
18.10.2007	3,900.00	18.10.2010
19.10.2007	5,000.00	19.10.2010
02.05.2008	15,000.00	02.05.2011
20.06.2008	10,000.00	20.06.2011
04.09.2008	10,000.00	04.09.2010
08.09.2008	3,000.00	08.09.2010
15.09.2008	1,500.00	15.09.2011
15.09.2008	1,500.00	15.09.2010
15.09.2008	2,500.00	15.09.2010
15.09.2008	1,500.00	30.04.2010
16.09.2008	2,500.00	16.09.2011
17.09.2008	8,000.00	01.09.2011
24.09.2008	2,500.00	24.09.2010
26.09.2008	2,500.00	26.09.2010
26.09.2008	1,500.00	10.09.2010
08.10.2008	1,200.00	06.04.2010
24.10.2008	5,000.00	10.12.2010
03.11.2008	30,000.00	03.11.2013
26.11.2008	1,000.00	26.11.2013

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

Date of Allotment/renewal	Amount (Rs. in lacs)	Redeemable at par on
	As at March 31, 2010	
28.03.2009	5,000.00	28.03.2012
*13.04.2009	10,000.00	13.04.2011
**20.04.2009	2,500.00	20.04.2011
17.06.2009	2,500.00	17.06.2011
30.06.2009	25,000.00	30.06.2011
14.09.2009	1,500.00	05.04.2011
12.10.2009	9,000.00	12.04.2011
24.03.2010	2,400.00	24.03.2011
25.03.2010	2,600.00	25.03.2011
TOTAL	**198,600.00**	

Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.

*Put/call option on April 13, 2010

**Put/call option on April 20, 2010

Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

(iii) Public issue of Redeemable Non-convertible Debentures of Rs.1,000/- each

Date of Allotment/ renewal	Amount (Rs. in lacs)	Redeemable at par on	Put and Call option
	As at March 31, 2010		
Option -I	3,489.95	26.08.2012	-
Option -I	3,489.95	26.08.2013	-
Option -I	1,744.97	26.08.2014	-
Option -II	2,949.84	26.08.2012	-
Option -II	2,949.84	26.08.2013	-
Option -II	1,474.92	26.08.2014	-
Option -III	10,422.51	26.08.2014	26.08.2013
Option -IV	2,274.12	26.08.2014	26.08.2013
Option -V	66,988.63	26.08.2012	-
Total	**95,784.73**		

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

a. Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.

b. The proceeds of public issue of Non convertible debentures have been utilised for financing activities.

c. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company.

b) Term Loans :

(Rs. in lacs)

			As at March 31, 2010
i.	**From Financial Institutions / Corporates :**		
	(a)	Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans	12,188.42
		Total	**12,188.42**
ii.	**From Banks:**		
	(a)	Secured by hypothecation of vehicles	3.19
	(b)	Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans*	929,931.95
	Total		**929,935.14**
*includes Rs.20,000 lacs the charge in respect of which has since been created and Rs.47,000 lacs on which charges are yet to be created.			

c) Cash Credit from Banks

(Rs. in lacs)

	As at March 31, 2010
Cash Credit from banks *	92,036.64
Secured by hypothecation of specific assets covered under hypothecation loan agreements. *Includes Rs.10,000 lacs the charge in respect of which has since been created.	

2. Subordinated Debt

The Company has issued subordinated debt bonds amounting to Rs. 53,196.13 Lacs with coupon rate of 9.5% to 13% per annum which are redeemable over a period of 62 months to 122 months.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

3. Final dividend (including tax on dividend) includes an amount of Rs 380.45 lacs in respect of dividend paid by the Company for the year ended March 31, 2009 on 81,29,550 equity shares as these have been allotted before the record date for declaration of dividend for the year ended March 31, 2009, and they rank pari-passu with the existing equity shares for dividend.

4. Gratuity and other post-employment benefit plans:

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on sespartion at 15 days salary (last drawn salary) for each completed year of service.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and Loss account

Net employee benefit expense (recognized in employee cost)

(Rs. in lacs)

	Gratuity
Particulars	**March 31, 2010**
Current service cost	191.23
Interest cost on benefit obligation	48.79
Expected return on plan assets	NA
Net actuarial (gain) / loss recognised in the year	(42.37)
Past service cost	Nil
Net benefit expense	**197.65**

Balance sheet

Details of Provision for gratuity **(Rs. in lacs)**

	Gratuity
Particulars	**March 31, 2010**
Defined benefit obligation	612.63
Fair value of plan assets	NA
	612.63
Less: Unrecognised past service cost	Nil
Plan asset / (liability)	(612.63)

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in lacs)

	Gratuity
Particulars	**March 31, 2010**
Opening defined benefit obligation	463.92
Interest cost	48.79
Current service cost	191.23
Benefits paid	(48.93)
Actuarial (gains) / losses on obligation	(42.38)
Closing defined benefit obligation	**612.63**

The Company would not contribute any amount to gratuity in 2010-11 as the scheme is unfunded.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity
Particulars	**March 31, 2010**
	%
Investments with insurer	NA

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	Gratuity
Particulars	**March 31, 2010**
Discount Rate	7.5%
Increase in compensation cost	5%
Employee Turnover*	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

*5% in case of employees with service period of more than 5 years and 10% for all other employees.

Amounts for the current year are as follows:

(Rs. in lacs)

Particulars	**March 31, 2010**
Defined benefit obligation	612.63
Plan assets	NA
Surplus / (deficit)	(612.63)
Experience adjustments on plan liabilities	55.56
Experience adjustments on plan assets	NA

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

5. The Company is primarily engaged in financing activities. It operates in a single business and geographical segment. The Company owned windmills and biomass which generate income from sale of electricity and also earned certain fee based income, these income have been classified as 'Unallocated reconciling item' as per requirements of AS – 17 on 'Segment Reporting'.

(Rs in lacs)

Particulars	Year ended March 31, 2010		
	Financing Activities	Unallocated reconciling items	Total
Segment Revenue	446,280.41	3,688.23	449,968.64
Segment Results (Profit before tax and after interest on Financing Segment)	129,275.69	3,468.20	132,743.88
Less: Interest on unallocated reconciling items	-	287.14	287.14
Net profit before tax	129,275.68	3,181.06	132,456.74
Less: Income taxes			45,146.74
Net profit after tax			87,310.00
Other Information:			
Segment assets	2,690,346.95	-	2,690,346.95
Unallocated corporate assets			7,472.94
Total Assets	**2,690,346.95**	**-**	**2,697,819.89**
Segment liabilities	2,312,419.48	-	2,312,419.48
Unallocated corporate liabilities			988.35
Total Liabilities	**2,312,419.48**	**-**	**2,313,407.83**
Capital expenditure	629.41	-	629.41
Depreciation	1,287.84	208.00	1,495.84
Other non - cash expenses	49,753.00	0.94	49,753.94

6. Related Party Disclosure

Related party where control exists

Other Related Parties

Enterprises having significant influence over the Company	:	Shriram Holdings (Madras) Private Limited Shriram Capital Limited Newbridge India Investments II Limited
Associates	:	Shriram Asset Management Company Limited
Key Managerial Personnel	:	R Sridhar, Managing Director
Relatives of Key Managerial Personnel	:	Mrs. Padmapriya Sridhar (spouse)

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

(Rs. in lacs)

	Enterprises having significant influence over the Company	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	March 31, 2010	**March 31, 2010**	**March 31, 2010**	**March 31, 2010**	**March 31, 2010**
Payments/Expenses					
Employee benefits for key management personnel	-	-	72.61	-	72.61
Royalty	1,240.78*	-	-	-	1,240.78
Data Sourcing fees	23.96*	-	-	-	23.96
Service Charges	143.75*	-	-	-	143.75
Reimbursement of business promotion expenses	66.18*	-	-	-	66.18
Equity dividend	5,602.29#	-	5.58	2.43	5,610.30
Interest on subordinate debt	-	54.37	-	-	54.37
Interest on Inter Corporate Deposit	96.66#	-	-	-	96.66
Interest on Non Convertible Debentures	-	-	0.27	0.01	0.28
Rent paid	59.56*	-	-	-	59.56
Inter Corporate Deposits	4,200#	-	-	-	4,200.00
Receipts/Income					
Non Convertible Debenture	-	-	1.00	1.00	2.00
Issue of equity shares on conversion of warrants	2,400.00#	-	-	-	2,400.00
Rent & electricity reimbursed	-	5.25	-	-	5.25
Balance Outstanding at the year end					
Share capital	9,337.15#	-	13.02	4.05	9,354.22
Investment in shares	-	240.00	-	-	240.00
Outstanding expenses	185.43 *	-	-	-	185.43
Rent Deposit given	49.00*	-	-	-	49.00
Subordinated debts	-	413.40	-	-	413.40
Interest payable on subordinate debt	-	85.78	-	-	85.78
* Denotes transactions with Shriram Capital Limited					
# Denotes transactions with Shriram Holdings (Madras) Private Limited					

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

7. Leases

In case of assets given on lease

The Company has given land and building on operating lease for period ranging 11 months to 60 months. During the year , the company had also given its biomass plant on operating lease for the period 1st April, 2009 to 30th September, 2009. The same was sold on October 1, 2009, hence gross carrying cost of and accumulated depreciation of the asset as on the date of balance sheet is nil.

In case of assets taken on lease

The Company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the profit & loss account are Rs. 3,557.92 lacs. Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 22 to 122 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarized below :

(Rs. in lacs)

	As at March 31, 2010
Minimum Lease Payments:	
Not later than one year	899.73
Later than one year but not later than five years	324.11
Later than five years	40.73

8. In accordance with the Reserve Bank of India circular no.RBI/2006-07/225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 3,497.70 lacs in favour of trustees representing the public deposit holders of the Company.

9. Earnings per share

Particulars	**Year ended March 31, 2010**
Net Profit after tax, Minority interest and Shares of loss of Associate as per profit and loss account (Rs. in lacs) (A)	87,302.56
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	2125.01
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	2133.85
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	41.08
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	40.91

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

(Rs.in lacs)

Particulars	Year ended March 31, 2010
Weighted average number of equity shares for calculating EPS (in lacs)	2,125.01
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	0.00
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	8.84
Weighted average number of equity shares in calculation diluted EPS (in lacs)	2,133.85

10. Deferred Tax Liabilities/(Asset)(Net)

The break up of deferred tax asset / liabilities is as under:-

(Rs.in lacs)

	As at March 31, 2010
Deferred Tax Liabilities	
Timing difference on account of :	
Differences in depreciation in block of fixed assets as per tax books and financial books	Nil
Debenture Issue Expenses	753.63
Gross Deferred Tax Liabilities (A)	**753.63**
Deferred Tax Asset	
Timing difference on account of :	
Differences in depreciation in block of fixed assets as per tax books and financial books	231.78
Expenses disallowed under Income Tax Act, 1961	3,260.74
Provision for securitization	4,734.05
Gross Deferred Tax Assets (B)	**8,226.57**
Deferred Tax Liabilities /(Assets)(Net) (A-B)	**(7,472.94)**

11. Contingent Liabilities not provided for

(Rs.in lacs)

		As at March 31, 2010
a.	Disputed income tax/interest tax demand contested in appeals not provided for [Against the above, a sum of Rs. 29.66 lacs has been paid under protest]	157.26
b.	Demands in respect of Service tax [Amount of Rs.15.00 lacs has been paid under protest]	315.00
c)	Disputed sales tax demand [Amount of Rs. 63.92 lacs has been paid by the Company]	412.33
Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities.		

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

12. Recovery of Service tax on lease and hire purchase transactions is kept in abeyance in view of the petition pending before the Supreme Court of India. If any liability arises it will be recovered from the concerned parties. However, on contracts that have been terminated, pending the decision from the Supreme Court of India, equivalent service tax is written off. The company has recognized the deferred tax asset on the amounts so written off, as in either case service tax liability will be charged off or reversed as income.

13. Employee Stock Option Plan

	Series I	Series II	Series III	Series IV	Series V	Series VI
Date of grant	October 31, 2005	April 1, 2006	October 9, 2006	August 17, 2007	July 15, 2008	May 13, 2009
Date of Board/committee Approval	October 19, 2005	February 22, 2006	September 6, 2006	August 17, 2007	July 15, 2008	May 13, 2009
Date of Shareholder's approval	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005
Number of options granted	2,962,500	832,500	910,000	109,000	77,000	50,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity
Graded Vesting Period						
After 1 year of grant date	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted	10% of options granted
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of predetermined targets.					

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

The details of Series I have been summarized below:

	As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	1,839,800	Rs. 35.00
Add: Granted during the year	-	-
Less: Forfeited during the year	-	-
Less: Exercised during the year	1,640,750	Rs.35.00
Less: Expired during the year	9,500	-
Outstanding at the end of the year	189,550	Rs.35.00
Exercisable at the end of the year	189,550	
Weighted average remaining contractual life (in years)		8.09
Weighted average fair value of options granted		Rs.59.04

The details of Series II have been summarized below:

	As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	516,500	Rs.35.00
Add: Granted during the year	-	-
Less: Forfeited during the year	-	-
Less: Exercised during the year	265,200	Rs.35.00
Less: Expired during the year		
Outstanding at the end of the year	251,300	Rs.35.00
Exercisable at the end of the year	24,900	
Weighted average remaining contractual life (in years)		8.49
Weighted average fair value of options granted		Rs.91.75

The details of Series III have been summarized below:

	As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	763,600	Rs.35.00
Add: Granted during the year	-	-
Less: Forfeited during the year	-	-
Less: Exercised during the year	402,200	Rs.35.00
Less: Expired during the year	3,500	
Outstanding at the end of the year	357,900	Rs.35.00
Exercisable at the end of the year	38,300	
Weighted average remaining contractual life (in years)		9.01
Weighted average fair value of options granted		Rs.74.85

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

The details of Series IV have been summarized below:

	As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	106,000	Rs.35.00
Add: Granted during the year	-	-
Less: Forfeited during the year	-	-
Less: Exercised during the year	31,800	Rs.35.00
Less: Expired during the year	-	
Outstanding at the end of the year	74,200	Rs.35.00
Exercisable at the end of the year		-
Weighted average remaining contractual life (in years)		9.88
Weighted average fair value of options granted		136.40

The details of Series V have been summarized below:

	As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	77,000	Rs.35.00
Add: Granted during the year	-	-
Less: Forfeited during the year	-	-
Less: Exercised during the year	7,700	Rs.35.00
Less: Expired during the year	-	-
Outstanding at the end of the year	69,300	Rs.35.00
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)		10.78
Weighted average fair value of options granted		253.90

The details of Series VI have been summarized below:

	As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year		-
Add: Granted during the year	50,000	Rs.35.00
Less: Forfeited during the year	-	-
Less: Exercised during the year	-	-
Less: Expired during the year	-	-
Outstanding at the end of the year	50,000	Rs.35.00
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)		11.61
Weighted average fair value of options granted		201.45
The weighted average share price for the period over which stock options were exercised was Rs.358.00		

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

The details of exercise price for stock options outstanding at the end of the year are:

March 31, 2010

Series	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Series I	Rs.35/-	189,550	8.09	Rs.35/-
Series II	Rs.35/-	251,300	8.49	Rs.35/-
Series III	Rs.35/-	357,900	9.01	Rs.35/-
Series IV	Rs.35/-	74,200	9.88	Rs.35/-
Series V	Rs.35/-	69,300	10.78	Rs.35/-
Series VI	Rs.35/-	50,000	11.61	Rs.35/-

Stock Options granted

Series I:

The weighted average fair value of stock options granted was Rs. 59.04. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

Series II :

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

Series III :

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Series IV :

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

Series V :

The weighted average fair value of stock options granted was Rs. 253.90. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	69.22	69.22	69.22	69.22
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

Series VI :

The weighted average fair value of stock options granted was Rs. 201.45. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty which is considered as a comparable peer group of the Company. To allow for the effects of early exercise, it was assumed that the employees will exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lacs)

	As at March 31, 2010
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	341.30
Liability for employee stock options outstanding as at year end	955.97
Deferred compensation cost	198.95

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

	Year ended March 31, 2010
Profit as reported (Rs. in lacs)	87,302.57
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	341.30
Less: Employee stock compensation under fair value method (Rs. in lacs)	340.91
Proforma profit (Rs. in lacs)	87,302.96
Earnings per share	
Basic (Rs.)	
- As reported	41.08
- Proforma	41.08
Diluted (Rs.)	
- As reported	40.91
- Proforma	40.91
Nominal Value	Rs 10.00

14. During the year, the Company allotted 11,658,552 equity shares of Rs. 10/- each at a premium of Rs. 490.80 per share to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of SEBI (ICDR) Regulations, 2009. The Company also converted 8,000,000 warrants which were issued by way of preferential allotment to Shriram Holdings (Madras) Private Limited into equity shares of Rs. 10/- each at a premium of Rs. 290/-per share. The amount received has enhanced the networth and was utilized for the purpose of business operations.

15. Securitisation/ Direct assignment

The Company sells loans through securitisation and direct assignment. The information on securitisation / direct assignment activity of the Company as an originator is given below:

	Year ended March 31, 2010
Total number of loan assets securitized/directly assigned	380,673
Total book value of loan assets securitized/directly assigned (Rs. in lacs)	875,681.04
Sale consideration received for the securitised assets/directly assigned (Rs. in lacs)	921,631.22
Gain on account of securitization/direct assignment* (Rs. in lacs)	262,350.21

* Gain on securitization / direct assignment deals done after February 1, 2006 is amortised over the period of the loan.

The information on securitisation / direct assignment activity of the Company as an originator as on March 31, 2010 is given in the table below :

(Rs.in lacs)

	As at March 31, 2010
Outstanding credit enhancement	
-Fixed Deposit	173,588.14
Outstanding liquidity facility	
-Fixed Deposit	23,833.27
Outstanding subordinate contribution	2,665.30

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

16. Supplementary Statutory Information

i. Managing Director's Remuneration

(Rs. in lacs)

	Year ended March 31, 2010
Salaries	45.46
Perquisites	7.19
Contribution to Provident fund	0.09
Employee stock option scheme	19.87
	72.61

Note: - As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director is not included above

The computation of profits under section 349 of the Act has not been given as no commission is payable to the Directors/Managing Director.

ii Expenditure in foreign currency (On cash basis)

(Rs. in lacs)

	Year ended March 31, 2010
Travelling	4.23
Others	2.62
	6.85

17. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are required to be furnished.

18. During the period, the Company sold its entire investment in the wholly owned subsidiary, Shriram Asset and Equipment Finance Private Limited (SAEFPL), which was incorporated on June 04, 2009. Further, the Company incorporated wholly owned subsidiaries, Shriram Equipment Finance Company Limited (SEFCL) and Shriram Automall India Limited (SAIL). Both the companies have not commenced operations till March 31, 2010.

19. The Company has accounted for its share of reserves and surplus including capital redemption reserve of the associate company on proportionate basis for the purpose of consolidation.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account for the year ended March 31, 2010

20. In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with other services provided by auditors in connection with public issue of non convertible debentures and issue expenses of equity shares of Rs. 40.07 lacs (including out of pocket expenses of Rs. 0.36 lacs) and Rs. 58.96 lacs (including out of pocket expenses of Rs. 0.51 lacs) respectively and have been amortised as per note 1(r) and shown under miscellaneous expenditure.

21. Since the company has not given any loans and advances in the nature of loans to its subsidiaries and associate and the subsidiaries /associates have not acquired any shares of the company, no disclosures under clause 32 of the Listing Agreeement are required. The receivables on current accounts consequent to expenditure incurred on behalf of the subsidiaries and the associate are not treated as loans and advances in the nature of loans.

22. During the year company sold windmills to Nupower Renewables Ltd. for a consideration of Rs. 4,882.92 lacs out of which a sum of Rs. 324.71 lacs have been kept in escrow account pending completion of certain formalities

23. This being the first ocassion of consolidation, comparative figures for the previous period are not presented.

As per our report of even date

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

per Shrawan Jalan
Partner
Membership No. 102102

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

U. S. Abhyankar
Partner
Membership No. 113053

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

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2010

K. Prakash
Vice President (Corporate Affairs) & Company Secretary

Notes

Shriram Transport Finance Company Limited

www.stfc.in