



## Shriram Transport Finance Company Limited

A Public Limited Company Incorporated under the Companies Act, 1956 (Registered as a Non-Banking Financial Company within the meaning of the Reserve Bank of India Act, 1934 (2 of 1934)) **Registered Office:** 123, Angappa Naicken Street, Chennai – 600 001, Tamil Nadu, India **Corporate Office:** Wockhardt Towers, Level – 3, West Wing, C-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 **Tel. No.:** +91-22-4095 9595 **Fax:** +91-22-4095 9596/97 **Website:** [www.stfc.in](http://www.stfc.in)  
**Compliance Officer and Contact Person:** Mr. K. Prakash; E-mail: [stfcncd@stfc.in](mailto:stfcncd@stfc.in)

**Public Issue by Shriram Transport Finance Company Limited, (“Company” or “Issuer”) of Secured Non-Convertible Debentures, (“NCDs”), aggregating upto Rs. 50,000 lakhs with an option to retain over-subscription upto Rs. 50,000 lakhs for issuance of additional NCDs, hereinafter referred to as the “Issue”.**

### GENERAL RISK

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue including the risks involved. Specific attention of the investors is invited to the Risk Factors on pages ix to xix of this Prospectus.

### ISSUER’S ABSOLUTE RESPONSIBILITY

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

### CREDIT RATING

The NCDs have been rated 'AA (ind)' by Fitch and 'CARE AA+' by CARE vide their letters dated May 14, 2009 and June 15, 2009, respectively. The rating of Fitch indicates stability and the rating of CARE indicates high safety for timely servicing of debt obligations and very low credit risk, respectively. The ratings provided by Fitch and CARE may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to page 11 for rationale for the above ratings.

### LISTING

The NCDs offered through this Prospectus are proposed to be listed on the National Stock Exchange of India Limited (“NSE”). Our Company has received a letter dated July 15, 2009 from the NSE for its ‘in-principle’ approval for the Issue. For the purposes of the Issue, NSE shall be the Designated Stock Exchange.

### Lead Managers to the Issue

### Registrar to the Issue



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#### A K Capital Services Limited

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Contact Person: Mr.  
Chandrakant Bhole  
Compliance Officer : Mr.  
Ajay Vaidya  
SEBI Registration No.:  
INM000008704



#### Integrated Enterprises (India) Limited

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Contact Person: Ms. Anusha  
N.  
Compliance Officer: Mr.  
Suresh Babu K.  
SEBI Registration No.:  
INR000000544

### ISSUE PROGRAMME

**Issue Opens on : July 27, 2009**

**Issue Closes on : August 14, 2009**

The subscription list for the public issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours on the dates indicated above or earlier or on such date, upto 30 days from the date of opening of the Issue, as may be decided at the discretion of the Board of Directors and/or any committee of our Company subject to necessary approvals.

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## SECTION I : GENERAL

### DEFINITIONS / ABBREVIATIONS

#### Company related terms

Term	Description
"STFCL", "Issuer", "the Company" and "our Company"	Shriram Transport Finance Company Limited, a company incorporated under the Companies Act, 1956, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934, and having its Registered Office at 123, Angappa Naicken Street, Chennai – 600 001
Act	The Companies Act, 1956, as amended from time to time
AOA/Articles / Articles of Association	Articles of Association of our Company
Auditors/Joint Auditors	Our joint auditors being M/s. S. R. Batliboi & Co. and M/s. G. D. Apte & Co.
Board / Board of Directors	The Board of Directors of our Company and includes any Committee thereof
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAR	Capital Adequacy Ratio
CARE	Credit Analysis & Research Limited
CDSL	Central Depository Services (India) Limited
Debentures / NCDs	Secured, Redeemable, Non-Convertible Debentures offered through this Prospectus aggregating upto Rs. 50,000 lakhs with an option to retain over-subscription upto Rs. 50,000 lakhs for issuance of additional NCDs
Debenture Holder (s)	The holders of the NCDs
Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, issued by SEBI, effective from June 6, 2008
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange	NSE
ECS	Electronic Clearing Services

<b>Term</b>	<b>Description</b>
ESOP/ESOS	Company's Employee Stock Option Scheme 2005.
Equity Shares	Equity shares of face value of Rs 10/- each of our Company
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FII/FIIs	Foreign Institutional Investor(s)
FRBMA	Fiscal Responsibility and Budget Management Act
Fitch	Fitch Ratings India Private Limited
GoI	Government of India
IRDA	Insurance Regulatory and Development Authority
IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum / MOA	Memorandum of Association of our Company
MCA	Ministry of Corporate Affairs, Government of India
MSE	Madras Stock Exchange Limited
NEFT	National Electronic Funds Transfer
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NPA	Non Performing Asset
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PFCE	Private Final Consumption Expenditure
Promoter	Shriram Holdings (Madras) Private Limited
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 , as amended from time to time
Rs./ INR/ Rupees	The lawful currency of the Republic of India
ROC	Registrar of Companies
RRB	Regional Rural Bank
RTGS	Real Time Gross Settlement

<b>Term</b>	<b>Description</b>
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCL	Shriram Capital Limited (Formerly known as Shriram Financial Services Holdings Private Limited)
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
SIL	Shriram Investments Limited
SOFL	Shriram Overseas Finance Limited
Subsidiary	Subsidiary of our Company namely Shriram Equipment Finance Private Limited
WDM	Wholesale Debt Market
“We”, “us” and “our”	Our Company, unless the context otherwise requires
UTI	UTI Bank Limited (now known as Axis Bank Limited)

#### **Issue related terms**

<b>Term</b>	<b>Description</b>
Allotment / Allotted	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the Allottees
Allottee	The successful applicant to whom the NCDs are being/have been allotted
Bankers to the Issue/Escrow Collection Banks	Axis Bank Limited, Standard Chartered Bank, HDFC Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited and HSBC Limited
Base Issue	Public Issue of NCDs by our Company aggregating upto Rs. 50,000 lakhs
Basis of Allotment	The basis on which NCDs will be allotted to applicants under the Issue and which is described in “Issue Procedure – Basis of Allotment” on page 276 of this Prospectus.
Draft Prospectus / Draft Offer Document	The draft prospectus dated July 2, 2009 filed with the NSE for receiving public comments in accordance with the provisions of the Act and the Debt Regulations
DIN	Director Identification Number

Term	Description
Issue	Public Issue by our Company of NCDs aggregating upto Rs. 50,000 lakhs with an option to retain over-subscription upto Rs. 50,000 lakhs for issuance of additional NCDs
Issue Opening Date	July 27, 2009
Issue Closing Date*	August 14, 2009
Escrow Agreement	Agreement to be entered into amongst our Company, the Registrar, the Escrow Collection Bank(s) and the Lead Managers for collection of the application amounts and for remitting refunds, if any, of the amounts collected, to the applicants on the terms and conditions contained therein
Escrow Account	Accounts opened with the Escrow Collection Banks and in whose favour the applicant will issue cheques or bank drafts in respect of the application amount while submitting the application
Lead Brokers	Enam Securites Private Limited, ICICI Securities Limited, A.K. Stockmart Private Limited, Kotak Securities Limited, Bajaj Capital Investor Services Limited, Integrated Securities Limited, JM Financial Services Private Limited, Karvy Stock Broking Limited RR Equity Brokers Private Limited and Reliance Securities Limited.
Lead Managers	Enam Securities Private Limited, A K Capital Services Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited.
Prospectus / Offer Document	This Prospectus dated July 16, 2009 containing <i>inter alia</i> the coupon rate for the NCDs and certain other information
Registrar to the Issue	Integrated Enterprises (India) Limited
Senior Citizen	Any person who has completed the age of 60 (sixty) years as on the date of Allotment
Trustees / Debenture Trustee	Trustees for the Debenture Holders in this case being IDBI Trusteeship Services Limited

\*The subscription list for the public issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours on the dates indicated or earlier or on such date as may be decided at the discretion of the Board of Directors or any committee of our Company subject to necessary approvals

### Technical & Industry Terms

Term	Description
AFC	Asset Finance Company
AUM	Assets Under Management
ALM	Asset Liability Management
CFDS	Corporate Filing and Dissemination System

<b>Term</b>	<b>Description</b>
CRAR	Capital to Risk-Weighted Assets Ratio
CV	Commercial Vehicle
DRR	Debenture Redemption Reserve
EME	Emerging Market Economies
FTU(s)	First Time Users
GRIP	Group on Review of Issue Process
IC	Investment Company
LC	Loan Company
LCV(s)	Light Commercial Vehicles
LFO(s)	Large Fleet Operators
LIBOR	London Inter-Bank Offered Rate
LTV	Loan to Value ratio
MHCV(s)	Medium and Heavy Commercial Vehicles
SCODA	SEBI Committee on Disclosures and Accounting
SFO(s)	Small Fleet Operators
SME	Small and Medium Enterprises
SRTO(s)	Small Road Transport Operators
STO(s)	Small Truck Owners
UV(s)	Utility Vehicles
YTM	Yield to Maturity

#### **Conventional / General Terms**

<b>Term</b>	<b>Description</b>
AGM	Annual General Meeting
AS	Accounting Standard
EGM	Extraordinary General Meeting
EPS	Earnings Per Share

<b>Term</b>	<b>Description</b>
Financial Year / FY	Financial Year ending March 31
GDP	Gross Domestic Product
GIR	General Index Registration Number
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
NRI	Non Resident Indian
PAN	Permanent Account Number
SBI	State Bank of India
TDS	Tax Deducted at Source

## FORWARD LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “shall”, “will”, “will continue”, “will pursue”, “would”, “will likely result”, “is likely”, “expected to”, “will achieve”, “contemplate”, “seek to”, “target”, “propose to”, “future”, “goal”, “project”, “should”, “can”, “could”, “may”, “in management's judgment” or other words or phrases of similar import or variations of such expressions. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, amongst others:

- General economic and business conditions in India and globally;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Our ability to compete effectively and access funds at competitive cost;
- Changes in the value of Rupee and other currency changes;
- Unanticipated turbulence in interest rates, equity prices or other rates or prices; the performance of the financial and capital markets in India and globally;
- Availability of funds and willingness of our lenders to lend;
- Changes in political conditions in India;
- The rate of growth of our loan assets;
- The outcome of any legal or regulatory proceedings we are or may become a party to;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Changes in laws and regulations that apply to NBFCs in India, including laws that impact our lending rates and our ability to enforce our collateral;
- Emergence of new competitors; and
- Growth of transportation services in India

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors and Officers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page ix of this Prospectus.



## **CERTAIN CONVENTIONS AND USE OF MARKET DATA**

Unless stated otherwise, the financial information used in this Prospectus is derived from our Company's financial statements for the period April 1 to March 31 being FY 2005, 2006, as audited by M/s. G. D. Apte & Co. and FY 2007, 2008 and 2009, as jointly audited by our Company's Statutory Auditors, M/s. S. R. Batliboi & Co. and M/s. G. D. Apte & Co. and prepared in accordance with Indian GAAP and the Act, and as stated in the joint report of M/s. S. R. Batliboi & Co. and M/s. G. D. Apte & Co., Chartered Accountants, included in this Prospectus. Our Company's financial year commences on April 1 of a calendar year and ends on March 31 of the succeeding calendar year.

In this Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Except as specifically disclosed, all financial / capital ratios and disclosures regarding NPAs in this Prospectus are in accordance with the applicable RBI norms.

Unless stated otherwise, macroeconomic and industry data used throughout this Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Prospectus is reliable, it has not been independently verified.

## SECTION II : RISK FACTORS

*Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Prospectus before making any investment decision relating to the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition and result of operation could suffer, the trading price of the NCDs could decline and you may lose your all or part of your interest and / or redemption amounts. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

*This Prospectus contains forward looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward looking statements as a result of several factors, including the considerations described below and elsewhere in this Prospectus.*

*Investors are advised to read the following risk factors carefully before making an investment in the NCDs offered in this Issue. You must rely on your own examination of our Company and this Issue, including the risks and uncertainties involved.*

### **A. INTERNAL RISK FACTORS**

#### **1. *As an NBFC, one of the most important risks affecting our profitability is the risk of non-payment by customers and other counterparties.***

Our Company's primary business activity is to lend to CV owners/operators in India. Consequently, we face the risk of not being able to recover monies lent by us and/or the interest thereon in a timely manner or at all. This risk is further compounded by the fact that most of our Company's customers are SRTOs and FTUs. Our Company's gross loan asset size (excluding inter-corporate deposits) as on March 31, 2009 was Rs. 17,94,460.93 lakhs. The size of our Company's loan assets is expected to increase in the future as our Company expands its business in India and offers new products.

Our Company is exposed to the risk that third parties which owe us money, securities or other assets may not perform their obligations. These parties may default on their obligations to us due to various reasons including bankruptcy, lack of liquidity, operational failure, and other reasons.

Further, any delay in enforcing the collateral due to delays in enforcement proceedings before Indian courts or otherwise would expose our Company to potential losses.

#### **2. *Our business is inherently subject to NPAs. The volatility of our NPA portfolio can adversely affect our cash flow, which in turn would adversely affect our growth and profitability.***

Our net non-performing assets were Rs. 14,746.53 lakhs representing 0.83% of our total net loan assets at March 31, 2009 as compared to Rs. 13,553.78 lakhs representing 0.90% of our total loan net assets at March 31, 2008. We cannot assure that our Company will be able to improve its collections and recoveries in relation to its NPAs, or otherwise adequately control its level of NPAs in future.

Further, the level of NPAs in our Company's asset portfolio is dependent on a number of factors beyond our control, including developments in the Indian economy and industrial and agricultural production in the country. NPAs also affect our balance sheet as our Company is required to make a provision for or write-off such NPAs. Our Company has made provisions of Rs. 23,684.86 lakhs towards its gross NPAs as on FY 2009. Though our Company's total provisioning for NPAs at present may be adequate to cover all the identified losses in our loan portfolio, we can not assure you that in future, the provisioning though compliant with regulatory requirements will be sufficient to cover all anticipated losses.

Further, our Company may not be able to meet its recovery targets for any particular FY due to various reasons including an economic slowdown.

Our Company's inability to control or reduce its NPAs may lead to deterioration of the quality of its loan portfolio and may adversely impact our growth and profitability.

**3. *We may not be able to appropriately assess the credit worthiness of our customers before extending credit facilities to them. Unavailability of adequate information or inaccurate and/or incomplete information provided by our customers may adversely affect our operations and profitability.***

A significant portion of the revenues of our Company arise from financing of pre-owned CVs. The owners and/or operators of such vehicles often do not have any credit history supported by tax returns and other related documents which would enable us to assess their creditworthiness. This is further compounded by the fact that, (i) we may not in certain instances receive information regarding any change in the financial condition of our customers, and, (ii) in certain cases, our customers may provide inaccurate or incomplete information to us on account of intentional or inadvertent fraud and/or misrepresentation on their part.

The lack of availability of information in connection with our customers makes it difficult for us to take an informed decision with regard to providing financial facilities to such persons and the attendant risk exposure in connection therewith. Defaults by our customers in repayment of the loans procured from us may lead to an increase in the level of NPAs, which would adversely affect our operations and profitability.

**4. *Our Company's lending and investment activities are vulnerable to interest rate risks which may adversely impact our financial performance.***

Interest income forms a substantial part of the total income of our Company. Our Company borrows monies at fixed and/or floating interest rates and provides loans at fixed interest rates.

Accordingly, the operations of our Company are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependant upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors.

**5. *We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks due to varying periods over which assets and liabilities mature. As is typical for several NBFCs, a portion of our funding requirements is met through short-term funding sources, being, bank loans, working capital demand loans, cash credit, short term loans and commercial papers.

A large portion of our loan assets mature over a medium term, while comparatively some of our liabilities in connection with the credit facilities obtained by us are for relatively shorter periods of time. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance.

Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities granted by us to our customers.

**6. *We may not have adequate and efficacious remedies to safeguard us against the non-payment of dues from our customers.***

Enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially costly process. Accordingly, it may be difficult for our Company to recover monies from defaulting customers in a timely manner or at all. The recovery of monies from defaulting customers may be further compounded by the fact that we do not generally insist on, or receive post dated cheques by way of an additional security towards the timely repayment of dues from customers to whom we have lent monies.

**7. *We may face difficulty in taking possession of vehicles hypothecated to us in the event of any default by our customers.***

As a security interest for the financing facilities provided by us to our customers, the vehicles purchased by our customers are hypothecated in favour of our Company. The hypothecated vehicles, being movable property, may be difficult to locate and/or seize, in the event of any default by our customers. As a result, we may incur further costs and suffer further difficulties and delays in seeking to recover the monies due to us from defaulting customers.

**8. *Our ability to conduct business may be adversely affected if our lenders exercise their right to enforce repayment of the outstanding obligations pursuant to certain undertakings and covenants under our financing arrangements with them.***

Our Company has to, from time to time, avail of various short term and long term borrowings to meet our funding requirements. The financing agreements in connection with our borrowings require us to maintain certain security margins, which in turn are dependent upon our recovery of the receivables due to us. Should we breach any financial or other covenants contained in any of these financing agreements, we may be bound to repay the outstanding facility forthwith in part or in whole, on demand, together with related costs to the relevant lender who exercises his right to seek such payment. If any of our lenders exercises such a right our Company's ability to conduct its business, including servicing its maturing debt will be constrained, which in turn may affect the profitability and financial performance of our Company.

**9. *The value of the security interest provided by our customers as collateral for the credit facilities availed of by them may not be sufficient to safeguard our Company from any default in repayment.***

As a security interest for the financing facilities provided by us to our customers, the vehicles purchased by our customers are hypothecated in favour of our Company. The amount of credit facility sanctioned to any customer is less than the value of the vehicle. The value of the vehicle, however, is subject to depreciation, deterioration, and/or reduction in value on account of other extraneous reasons, over a course of time. Consequently, the realizable value of the collateral for the credit facility provided by us, when liquidated, may be lower than loan outstandings from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose our Company to losses, which as a result, could adversely affect our operations and financial conditions.

**10. *Any change in control of our Promoter, may correspondingly adversely affect our operations and profitability.***

SCL currently holds 50.17% of the paid up share capital of our Promoter, namely Shriram Holdings (Madras) Private Limited. The other 49.83% of the paid up share capital thereof is held by strategic investors. If SCL ceases to exercise control over our Promoter on account of any transfer of shares, preferential allotment or otherwise our ability to derive any benefit under the brand name "Shriram" and our goodwill in connection therewith may be adversely affected, which in turn could adversely affect our operations and profitability. Any such change of control can also significantly influence our Company's business policies, operations and profitability.

11. ***The trade mark/service mark and logo in connection with the “Shriram” brand which we use is licensed to us and consequently, any termination or non-renewal of such license may adversely affect our goodwill, operations and profitability.***

Pursuant to a license and user agreement dated November 28, 2003 between our Company and Shriram Financial Services Holdings Private Limited, (now SCL), our Company is entitled to use the brand name “Shriram” and the associated mark for which we pay periodic royalty to SCL. The aforesaid agreement was valid till November 27, 2008 and could be renewed with the mutual consent of the parties. Subsequently, the aforesaid agreement was renewed for the period November 28, 2008 to September 30, 2009. In the event the agreement is terminated or not renewed in future, we will not be entitled to use the brand name “Shriram” and the associated mark. Consequently, our goodwill under the “Shriram” brand will cease to exist. We operate in a competitive environment, where possessing a brand recognition amounts to a significant element of the business strategy. If the aforesaid license and user agreement is not renewed or terminated, our Company may need to change its name, trade mark/service mark or the logo. Any such change could require us to incur additional costs and may adversely impact our goodwill, operations and profitability.

12. ***We intend to start a new business line of equipment financing through a Subsidiary. This proposed line of business may not yield favourable and/or expected results, and may accordingly adversely affect our profitability.***

We intend to diversify into equipment finance business through a Subsidiary acquired for that purpose. We are yet to commence operations in this regard. We cannot assure that this diversification will yield favourable and/or expected results, as the overall profitability and success is subject inter-alia to the following factors:

- obtaining the necessary statutory and/or regulatory approvals in a timely manner or at all;
- our ability to effectively obtain, retain and motivate appropriate managerial talent;
- our relative inexperience in this field; and
- our ability to effectively absorb additional infrastructure costs.

13. ***Our indebtedness and restrictive covenants imposed by our financing agreements could restrict our ability to conduct our business and operations.***

Under the terms of some of our financing agreements, our Company is required to obtain the prior written consent of the lenders under certain circumstances inter-alia including (a) entering into any scheme of expansion, merger, amalgamation, compromise or reconstruction, (b) selling, leasing, transferring all or a substantial portion of its fixed and other assets; (c) making any change in ownership or control or constitution of our Company, or in the shareholding or management or majority of directors, (d) making amendments in our Company’s Memorandum and Articles of Association, (e) creating any further security interest on the assets upon which the existing lenders have a prior charge, and (f) raising any monies by way of any fresh capital issue or by way of further borrowings. Such covenants provided by our Company may restrict or delay certain actions / initiatives that our Company may propose to take from time to time.

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

A significant portion of our collections from our customers is in cash. Large cash collections expose us to the risk of fraud, misappropriation or unauthorized transactions by our employees responsible for dealing with such cash collections. The precautions we take to detect and prevent any unauthorised transaction, fraud or misappropriation by our representatives and officers may not be sufficient to prevent or deter such

activities, in all cases, which may accordingly adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

**15. *System failures, infrastructure bottlenecks and security breaches in computer systems may adversely affect our business.***

Our businesses are significantly dependant on our financial, accounting or other data processing systems and software, which may fail to operate adequately or become disabled. If any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses in any and/or all the localities in which we are located.

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

**16. *We have contingent liabilities of Rs. 1,365.73 lakhs as at March 31, 2009***

As on March 31, 2009, the contingent liabilities of our Company are as under:

<i>Sl. No.</i>	<i>Particulars</i>	<i>Amount (Rs. in lakhs)</i>
i)	Disputed Income Tax/Interest Tax Demand contested in appeals not provided for	164.76
ii)	Guarantees issued by the Company to bank and others	901.97
iii)	Demand in respect of service tax	299.00
	<b>Total</b>	<b>1365.73</b>

Please also refer to “Material Developments” on page 248 of this Prospectus. If any of the contingent liabilities specified above materialise, our liquidity, business, prospects, financial condition and results of operations could be adversely affected.

**17. *We may not be able to access funds at competitive rates and higher cost of borrowings could have a significant impact on the scale of our operations and also our profit margins.***

The growth of our business requires us to raise funds through commercial borrowings from time to time. Our ability to raise funds at competitive rates would depend on various factors inter-alia including (a) our credit rating, (b) the regulatory environment and policy initiatives in India and (c) the developments in the international markets affecting the Indian economy including the financial liquidity position. Our Company is exposed to the risk of liquidity in the financial markets. Changes in economic and financial conditions could make it difficult for our Company to access funds at competitive rates. We being an NBFC also face certain restrictions to raise money from international markets which may further constrain our ability to raise cheaper funds.

**18. *We may be required to repay the part consideration paid to us along with interest and liquidated damages, in connection with the sale and transfer of certain wind power generation turbines of our***

***Company, pursuant to the slump sale agreement dated March 25, 2009 with NuPower Renewables Limited, (“Slump Sale Agreement”), if we fail to comply with certain covenants of the Slump Sale Agreement***

Our Company had executed the Slump Sale Agreement for sale of certain wind power generation turbines together with all assets and liabilities thereof as a going concern. Consummation of the Slump Sale Agreement is subject to certain conditions precedent, (“CPs”) inter-alia including (a) receipt of necessary consents for operation of the wind power generation turbines and the transfer thereof to NuPower Renewables Limited, (“**NU Power**”), (b) all other regulatory and statutory approvals required under applicable laws and (c) repayment of all credit facilities availed by our Company for the wind power generation turbines.

Upon execution of the Slump Sale Agreement, NU Power has paid a certain amount as part consideration to our Company. The Slump Sale Agreement casts an obligation on our Company that in the event it fails to meet the CPs it will be bound to refund the part consideration along with interest and liquidated damages for non performance to NU Power (“**Refund Amount**”). Consequently, any Refund Amount if paid by our Company may have an adverse effect on the profitability of our Company.

**19. *During FY 2006 and FY 2007, our Company undertook and completed various mergers, amalgamations and arrangements. We may not be able to achieve a favourable outcome from the said restructuring, which may adversely affect our operations and profitability.***

During FY 2006 and FY 2007, our Company undertook and completed the following amalgamations and arrangements:

- (a) The Hon’ble High Court of Madras vide its order dated November 25, 2005, approved the scheme of arrangement and amalgamation of the erstwhile SIL, with our Company, (“**SIL Scheme of Merger**”). The appointed date for the SIL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares was December 21, 2005.
- (b) The Hon’ble High Court of Madras vide its order dated December 1, 2006, approved the scheme of arrangement and amalgamation of the erstwhile SOFL with our Company, (“**SOFL Scheme of Merger**”). The appointed date for the SOFL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares was February 9, 2007.

Consequent to the aforesaid amalgamations and scheme of arrangements, the whole of the undertakings of SIL and SOFL, (collectively the “**Transferor Companies**”) respectively, comprising their businesses, assets, liabilities, litigations and other obligations of whatsoever nature and wherever situated were transferred to and vested in our Company as going concerns by operation of law. Accordingly all the risks attached to the business, undertakings, assets and liabilities and other obligations of the Transferor Companies were vested in our Company.

The aforementioned restructuring exposes our Company to a number of challenges and may not necessarily contribute to its profitability. For instance, the enlarged business may divert management attention or require our Company to assume a higher level of debt or contingent liabilities. If our Company is unable to overcome these challenges, it may not benefit from the synergies or efficiencies expected from these business arrangements. Furthermore, if these arrangements do not yield desired results, our Company’s operations may be disrupted and our Company’s business and financial condition may be materially adversely affected.

**20. *There may be a conflict of interest with ventures in which our Directors hold managerial positions.***

Some of our Directors may become directors of other Companies, or may hold managerial positions in certain entities, which are engaged or may get engaged in a similar line of business as our Company. Consequently, there may be a conflict of interest with such companies or entities in which our Directors

may hold managerial positions.

**21. *We have entered into certain related party transactions.***

We have entered into transactions with related parties, including our Promoter and its affiliated companies. For further details, please refer to the section titled “Financial Information” beginning on page 90 of this Prospectus. Such agreements may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

**22. *A majority of our revenues come from a particular segment of a single industry, namely, providing financing for pre-owned CVs. As a majority of our revenues come from this segment, any adverse impact on this segment would adversely affect our operations and profitability.***

Our assets portfolio and NPA portfolio is and may continue to have in the future, a high concentration in a certain group of customers, namely new and pre-owned CV owners/operators, with our focus being on financing pre-owned CVs. Our business is therefore, largely dependent on various factors, inter-alia including (a) the macroeconomic environment in India and globally, (b) the demand for transportation services, (c) natural disasters and calamities, and (d) changes in regulations and policies affecting pre-owned CVs. Accordingly, since our business is not a diversified business, any factors which adversely impact this segment would also adversely impact our operations and profitability.

**23. *The BSE has suspended the trading of our Equity Shares in the past.***

Pursuant to an order dated December 18, 1998, issued by the BSE, the trading of our Equity Shares on the BSE was suspended from December 21, 1998 to January 3, 1999 on account of alleged non compliance with clauses 15 and 16 of the listing agreement in connection with listing and trading of our Equity Shares, entered into with the BSE. Our failure to comply with the provisions of the listing agreements executed between our Company and the stock exchanges where our securities are listed, in a timely manner or at all, may expose us to regulatory proceedings and/or penal action.

**24. *The State of Gujarat and the Inspector of Money Lenders, Gujarat have initiated criminal proceedings against our Company and our Managing Director, Mr. R. Sridhar, in connection with alleged contraventions of the Bombay Money Lenders Act, 1946, against which we have filed an application under section 482 of the Code of Criminal Procedure, 1973. Any unfavourable outcome in any of the aforementioned proceedings may adversely affect our operations and goodwill.***

The State of Gujarat and the Inspector of Money Lenders, Gujarat have initiated criminal proceedings against our Company and our Managing Director, Mr. R. Sridhar, in connection with alleged contraventions of the Bombay Money Lenders Act, 1946, (“**Money Lenders Act**”), (Criminal Case No. 289 of 2008), before the Metropolitan Magistrate, Ahmedabad. The complainants have inter alia alleged in their pleadings that our Company has been carrying on the business of money lending without obtaining a license under the Money Lenders Act, and has allegedly violated other related provisions thereof. Accordingly, the complainants have sought to prosecute and penalise our Company and our managing director under Section 34 of the Money Lenders Act.

Our Company has filed an application under Section 482 of the Code of Criminal Procedure, 1973 against the State of Gujarat and the Inspector of Money Lenders, Gujarat, before the High Court of Gujarat at Ahmedabad, (“**Quashing Application**”), seeking to (a) quash the Criminal Proceedings, and (b) to stay the Criminal Proceedings during the pendency of the Quashing Application.

The aforesaid proceedings initiated against our Company and our managing director, and the application filed by our Company are pending hearing and final disposal. Any unfavourable outcome in any of the aforementioned proceedings may adversely affect our operations and profitability.

## Risks Relating to the Utilization of Issue Proceeds

25. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.*

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending and investments, subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupee) Regulations, 2000, and other applicable statutory and/or regulatory requirements, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements. For further details, please refer to the section titled “Objects of the Issue” beginning on page 44 of this Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, the management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

## Risks Relating to the NCDs

26. *Changes in interest rates may affect the price of our NCDs.*

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

27. *If we do not generate adequate profits, we may not be able to maintain an adequate Debenture Redemption Reserve, (“DRR”), for the NCDs issued pursuant to this Prospectus.*

Section 117C of the Act states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the debentures are redeemed. The Ministry of Corporate Affairs has, through its circular dated April 18, 2002, (“Circular”), specified that the quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be ‘adequate’ to pay the value of the debentures plus accrued interest, (if not already paid), till the debentures are redeemed and cancelled. The Circular however further specifies that, for NBFCs like our Company, (NBFCs which are registered with the RBI under Section 45-IA of the RBI Act), the adequacy of the DRR will be 50% of the value of debentures issued through the public issue. Accordingly our Company is required to create a DRR of 50% of the value of debentures issued through the public issue. As further clarified by the Circular, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 50% of the value of the NCDs. This may have a bearing on the timely redemption of the NCDs by our Company.

28. *Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.*

This Issue has been rated AA (ind) by Fitch and ‘CARE AA+’ by CARE. The Issuer cannot guarantee that this rating will not be downgraded. The ratings provided by Fitch and CARE may be suspended, withdrawn or revised at any time by these assigning rating agencies. Any revision or downgrading in the above credit rating(s) may lower the value of the NCDs and may also affect the Issuers ability to raise further debt.

29. *There is no active market for the NCDs on the WDM segment of the stock exchanges. As a result the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.*

The Issue will be our first public issue of NCDs for which there is currently no active trading market. Before this offering, we have issued secured non-convertible debentures by way of private placement basis, that have been listed on the WDM segment of stock exchanges. There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and, (v) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

**30. *There may be a delay in making refunds to applicants.***

We can not assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) our failure to receive minimum subscription in connection with the Base Issue, (c) withdrawal of the Issue, or (d) failure to obtain the final approval from the NSE for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

**31. *NRIs subscribing to the NCDs are subject to risks in connection with (i) exchange control regulations, and, (ii) fluctuations in foreign exchange rates.***

The NCDs will be denominated in Indian rupees. Various statutory and regulatory requirements and restrictions apply in connection with the NCDs held by NRIs, (“**Exchange Control Regulations**”). Amounts payable to NRIs holding the NCDs, on redemption of the NCDs and/or the interest paid/payable in connection with such NCDs would accordingly be subject to prevailing Exchange Control Regulations. Any change in the Exchange Control Regulations may adversely affect the ability of such NRIs to convert such amounts into other currencies, in a timely manner or at all. Further, fluctuations in the exchange rates between the Indian rupee and other currencies could adversely affect the amounts realized by NRIs on redemption or payment of interest on the NCDs by our Company.

**B. EXTERNAL RISK FACTORS**

**32. *Our business is dependent on the automobile and transportation industry in India.***

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

**33. *We are subject to regulatory and legal risks which may adversely affect our business.***

The operations of a NBFC are subject to regulations framed by the RBI and other authorities including regulations relating to foreign investment in India. Our Company is required to maintain a CAR of 12% besides complying with other prudential norms. Compliance with many of the regulations

applicable to our Company in India and/or outside India including any restrictions on investments and other activities currently being carried out by our Company involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and the business of our Company could be adversely affected.

We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

**34. *Increase in competition from our peer group in the CV finance sector may result in reduction of our market share, which in turn may adversely affect our profitability.***

Our Company provides loans to pre-owned and new CV owners and/or operators in suburban and rural areas in India. Although, we are currently one of the largest providers of CV finance, we have been increasingly facing competition from domestic and foreign banks and NBFCs operating in the CV finance segment of the industry. Some of our competitors are very aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers.

While our Company believes that it has historically been able to offer competitive interest rates on the loans extended to our customers, there can be no assurance that our Company will be able to continue to do so in the future. An increase in competition from our peer group may result in a decline in our market share, which may in turn result in reduced incomes from our operations and may adversely affect our profitability.

**35. *Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have a direct impact on our operations and profitability.***

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The quantum of our disbursements is driven by the growth in demand for CVs. Any slow down in the Indian economy may have a direct impact on our disbursements and a slowdown in the economy as a whole can increase the level of defaults thereby adversely impacting our Company's, profitability, the quality of its portfolio and growth plans.

**36. *Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business.***

Since 1991, the Government has pursued a policy of economic liberalization, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalization policies will continue in the future as well. The rate of economic liberalization could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant slowdown in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business. Any political instability in the country, including any change in the Government, could materially impact our business adversely.

**37. *Civil unrest, terrorist attacks and war would affect our business.***

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the United States of America, the United Kingdom, Singapore and the European Union, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. Also, some of India's neighbouring countries have experienced, or are currently experiencing internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the NCDs.

**38. *Our business may be adversely impacted by natural calamities or unfavourable climatic changes.***

India, Bangladesh, Pakistan, Indonesia and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu. These economies could be affected by the extent and severity of such natural disasters and pandemics which could, in turn affect the financial services sector of which our Company is a part. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our NCDs.

**39. *Any downgrading of India's sovereign rating by an international rating agency(ies) may affect our business and our liquidity to a great extent.***

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

## **NOTES TO THE RISK FACTORS**

1. This is a public issue of NCDs by our Company aggregating upto Rs. 50,000 lakhs with an option to retain over-subscription upto Rs. 50,000 lakhs for issuance of additional NCDs.
2. For details on the interest of our Company's Directors, please refer to the sections titled "Our Management" and "Capital Structure" on page 76 and 26 of this Prospectus, respectively.
3. Our Company has entered into certain related party transactions as disclosed in the section titled "Financial Information" beginning on page 90 of this Prospectus.
4. Any clarification or information relating to the Issue shall be made available by the Lead Managers and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
5. Investors may contact the Lead Managers for any complaints pertaining to the Issue.
6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "Basis of Allotment" set out on page 276 of this Prospectus.
7. Our Equity Shares are listed on the NSE, BSE and MSE.



## SECTION III : INTRODUCTION

### GENERAL INFORMATION

#### **Shriram Transport Finance Company Limited**

Date of Incorporation: June 30, 1979. Our Company was incorporated as a public limited company under the provisions of the Act.

#### **Registered Office:**

123, Angappa Naicken Street, Chennai – 600 001, Tamil Nadu, India

#### **Registration:**

Corporate Identification Number: L65191TN1979PLC007874 issued by the Registrar of Companies, Tamil Nadu.

Our Company holds a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007, (bearing registration no. 07-00459).

#### **Compliance Officer (and Company Secretary):**

The details of the person appointed to act as Compliance Officer for the purposes of this Issue is set out below:

#### **Mr K. Prakash**

*Vice President (Corporate Affairs) & Company Secretary*  
Shriram Transport Finance Company Limited  
Wockhardt Towers, Level-3, West Wing, C –2, G Block,  
Bandra-Kurla Complex, Bandra (East), Mumbai –400 051.  
Tel. No. +91 22-40959595  
Fax No.: +91 22-40959596/97  
Email : [stfcncd@stfc.in](mailto:stfcncd@stfc.in)

#### **Lead Managers:**

##### **ENAM Securities Private Limited**

801, Dalamal Tower,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22 6638 1800  
Fax: +91 22 2284 6824  
Email: [stfcdpo@enam.com](mailto:stfcdpo@enam.com)  
Investor Grievance Email:  
[complaints@enam.com](mailto:complaints@enam.com)  
Website: [www.enam.com](http://www.enam.com)  
Contact Person : Ms. Anusha Bharadwaj  
Compliance Officer: Mr. M. Natarajan  
SEBI Registration No.: INM000006856

##### **A K Capital Services Limited**

30, Free Press House, Free Press Journal Marg,  
215, Nariman Point, Mumbai - 400 021  
Tel: +91 22 6754 6500 / 6634 9300  
Fax: +91 22 6610 0594  
Email: [stfcipo@akgroup.co.in](mailto:stfcipo@akgroup.co.in)  
Investor Grievance Email:  
[investors@akgroup.co.in](mailto:investors@akgroup.co.in)  
Website: [www.akcapindia.com](http://www.akcapindia.com)  
Contact Person : Mr. Vikas Jain  
Compliance Officer: Mr. Hitesh Shah  
SEBI Registration No.: INM000010411



### **ICICI Securities Limited**

ICICI Centre,  
H.T. Parekh Marg,  
Churchgate,  
Mumbai - 400 020  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580  
Email: [stfc.debtissue@icicisecurities.com](mailto:stfc.debtissue@icicisecurities.com)  
Investor Grievance  
Email: [customercare@icicisecurities.com](mailto:customercare@icicisecurities.com)  
Website: [www.icicisecurities.com](http://www.icicisecurities.com)  
Contact Person : Ms. Neha Arora  
Compliance Officer: Mr. Subir Saha  
SEBI Registration No.: INM000011179

### **Debenture Trustee:**

#### **IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R Kamani Marg,  
Ballard Estate, Mumbai – 400 001  
Tel: +91 22 4080 7000  
Fax: + 91 22 6631 1776  
Website: [www.idbitrustee.co.in](http://www.idbitrustee.co.in)  
Contact Person: Ms. Brindha V.  
Email: [brindha@idbitrustee.co.in](mailto:brindha@idbitrustee.co.in)  
SEBI Registration No. IND000000460

IDBI Trusteeship Services Limited has by its letter dated May 4, 2009, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

### **Registrar**

#### **Integrated Enterprises (India) Limited**

2<sup>nd</sup> Floor,  
Kences Towers,  
No1, Ramakrishna Street,  
North Usman Road, T. Nagar,  
Chennai - 600 017  
Tel: +91 44 2814 0801- 03  
Fax: +91 44 2814 2479  
Contact Person : Ms. Anusha N.  
Email: [sureshabu@iepindia.com](mailto:sureshabu@iepindia.com)  
SEBI Registration No.: INR000000544

### **Kotak Mahindra Capital Company Limited**

3rd Floor, Bakhtawar,  
229, Nariman Point,  
Mumbai - 400 021  
Tel: +91 22 6634 1100  
Fax: +91 22 2283 7517  
Email: [stfc.dpo@kotak.com](mailto:stfc.dpo@kotak.com)  
Investor Grievance Email: [kmccredressal@kotak.com](mailto:kmccredressal@kotak.com)  
Website: [www.kotak.com](http://www.kotak.com)  
Contact Person: Mr. Chandrakant Bhole  
Compliance Officer : Mr. Ajay Vaidya  
SEBI Registration No.: INM000008704



**Auditors:**

Our joint auditors being:

**M/s. S. R. Batliboi & Co.**

Chartered Accountants  
6<sup>th</sup> floor, Express Towers  
Nariman Point  
Mumbai – 400 021  
Tel: +91 22 6657 9200  
Fax: +91 22 2287 6401  
Website: [www.ey.com/india](http://www.ey.com/india)  
Contact Person: Shrawan Jalan, Partner

**M/s. G. D. Apte & Co.**

Chartered Accountants  
Dream Presidency, 1202/17E,  
Shivajinagar, Off Apte Road,  
Pune – 411 004  
Tel: +91 20 2553 2114  
Fax: +91 20 2553 4769  
Contact Person: Mr. C. M Dixit, Partner &  
Mr. U. S Abhyankar, Partner

**Credit Rating Agencies:**

**Fitch Ratings India Private Limited**

Apeejay House, 6th Floor,  
3, Dinshaw Vachha Road, Churchgate,  
Mumbai – 400 020  
Tel: +91 22 4000 1700  
Fax: +91 22 4000 1701

**Credit Analysis & Research Limited**

4<sup>th</sup> Floor, Godrej Coliseum,  
Somaiya Hospital Road,  
Off Eastern Express Highway,  
Sion (East),  
Mumbai - 400 022, India.  
Tel : +91 22 6754 3456  
Fax : +91 22 6754 3457

**Legal Advisor to the Issuer:**

**J Sagar Associates**

Vakils House,  
18, Sprott Road  
Ballard Estate  
Mumbai- 400 001  
Tel: +91 22 6656 1500  
Fax: +91 22 6656 1515



### Bankers to the Issue:

#### AXIS BANK LIMITED

Fortune 2000,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051  
Tel: +91 22 3062 0066/67  
Fax: +91 22 3062 0069  
Website: [www.axisbank.com](http://www.axisbank.com)  
Contact Person: Mr. Richard Rodrigues  
E-mail: [bkc.branchhead@axisbank.com](mailto:bkc.branchhead@axisbank.com)

#### KOTAK MAHINDRA BANK LIMITED

36-38 A, Nariman Bhavan,  
227, Nariman Point,  
Mumbai - 400 021  
Tel: +91 22 6659 6180  
Fax: +91 22 2281 7527  
Website: [www.kotak.com](http://www.kotak.com)  
Contact Person: Amit Kumar  
E-mail: [amit.kr@kotak.com](mailto:amit.kr@kotak.com)

#### ICICI BANK LIMITED

Capital Markets Division  
No. 30, Mumbai Samachar Marg,  
Fort, Mumbai – 400 001  
Tel: +91 22 2262 7600  
Fax: +91 22 3043 7275  
Website: [www.icicibank.com](http://www.icicibank.com)  
Contact Person: Venkataraghavan T. A.  
E-mail: [venkataraghavan.t@icicibank.com](mailto:venkataraghavan.t@icicibank.com)

#### HDFC BANK LIMITED

Maneckji Wadia Building,  
Nanik Motwane Marg,  
Fort,  
Mumbai - 400 023  
Tel: +91 22 66573535  
Fax: +91 22 22700024  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
Contact Person: Mr. Deepak Rane  
E-mail: [deepak.rane@hdfcbank.com](mailto:deepak.rane@hdfcbank.com)

#### STANDARD CHARTERED BANK

Forbes Building, 3<sup>rd</sup> Floor,  
Charanjit Rai Marg,  
Fort, Mumbai - 400001  
Tel: +91 22 2206 2258  
Fax: +91 22 2206 2670  
Website: [www.standardchartered.com](http://www.standardchartered.com)  
Contact Person: Mr. Abhir Adyanthaya  
E-mail: [abhir.adyanthaya@sc.com](mailto:abhir.adyanthaya@sc.com)

#### THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED

Shiv Building, Plot No. 139-140B,  
Western Express Highway, Sahar Road Junction,  
Vile Parle (East),  
Mumbai 400 057  
Tel: +91 22 4035 7458  
Fax: +91 22 4035 7657  
Website: [www.hsbc.co.in](http://www.hsbc.co.in)  
Contact Person: Mr. Swapnil Pavale  
E-mail: [swapnilpavale@hsbc.co.in](mailto:swapnilpavale@hsbc.co.in)

### Bankers to the Company:

#### ABN AMRO

74, 7th Floor,  
Sakhar Bhavan,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22- 66372413  
Fax: +91 22- 66372455

#### ABU DHABI COMMERCIAL BANK

75 Rehmat Manzil,  
Veer Nariman Road,  
Churchgate,  
Mumbai - 400 020  
Tel: +91 22- 39534100, 22855658  
Fax: +91 22- 22870686

**ALLAHABAD BANK**

41, Mount Road,  
Chennai - 600 002  
Tel: +91 44- 24546272/7497,  
Fax: +91 44- 28555959

**AXIS BANK**

Maker Towers, 'F',  
13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005  
Tel: +91 22- 67074407  
Fax: +91 22- 22186944/1429

**BANK OF BAHRAIN & KUWAIT**

Jolly Maker Chambers II, 225,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22- 22823698 / 99  
Fax: +91 22- 22044458 / 22841416

**BANK OF CEYLON**

No. 1090, Poonamallee High Road,  
Chennai - 600 084  
Tel: +91 44-26420972/73/74/76  
Fax: +91 44- 25325590

**BANK OF MAHARASHTRA**

Mount Road Branch,  
Rani Seethai Hall 603,  
Anna Salai,  
Chennai - 600 006  
Tel: +91 44- 28293181/4169  
Fax: +91 44- 28291823

**BANK OF TOKYO - MITSUBISHI UFJ LIMITED**

15th Floor, Hoechst House, 193,  
Vinay K. Shah Marg,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22- 66693000  
Fax: +91 22- 66693010

**ANDHRA BANK**

Corporate Finance Branch,  
16th, Earnest House,  
NCPA Marg,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22- 22885846  
Fax: +91 22- 22885841

**BANK OF AMERICA**

16th Floor, Express Towers,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22- 66323352  
Fax: +91 22- 66323114

**BANK OF BARODA**

Corporate Financial Services Branch,  
3, Hirachand Walchand Marg, Ballard Pier,  
Mumbai - 400 001  
Tel: +91 22- 43407301/02,43407318  
Fax: +91 22- 22655778/22610413

**BANK OF INDIA**

Bank of India Building  
4th Floor, 70-80  
M.G. Road Fort,  
Mumbai - 400 023  
Tel: +91 22- 22610918, 22696817  
Fax: +91 -22 22650634 /22671718

**BANK OF RAJASTHAN**

Old No. 15, New No. 26,  
Gopalakrishnan Street, Pandy Bazar,  
T-Nagar,  
Chennai - 600 017 (TN)  
Tel: +91 44- 28157290, 32558890  
Fax: +91 44-28157290

**BARCLAYS BANK**

7th Floor, Ceejay House,  
Dr. A. B. Road, Worli,  
Mumbai - 400 018  
Tel: +91 22- 67196440  
Fax: +91 22- 67196453

**CANARA BANK**

101, 1st Floor, Dalamal Towers,  
B Wing, Free Press Journal Marg,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22- 22846723/6921/6923  
Fax: +91 22-22844963

**CALYON BANK**

Westminster 2nd Floor,  
New No.70, Old No. 108,  
Dr. Radhakrishnan Salai Mylapore,  
Chennai - 600 004  
Tel: +91 44- 66351000  
Fax: +91 44- 28474619

**CENTRAL BANK OF INDIA**

Chandremukhi  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22- 40785801/39  
Fax: +91 22- 40785840

**CHINA TRUST COMMERCIAL BANK**

604, Mercantile House, 15 K.G. Marg, New Delhi -  
110 001  
Tel: +91 11- 43688888  
Fax: +91 11- 23731815

**CITI BANK N. A.**

Citi centre,  
7th Floor,  
Bandra-Kurla  
Complex, Bandra (E),  
Mumbai - 400 051.  
Tel: +91 22-40015028,  
Fax: +91 22-26535872

**CITY UNION BANK LIMITED**

402, Jains Arcade,  
14th Road Junction, Khar (W),  
Mumbai - 400 052  
Tel: +91 22-26040632, 26055575  
Fax: +91 22-26043907

**CORPORATION BANK**

Fort Mumba Branch,  
Gr. Floor, Veena Chambers,  
Dalal Steet,  
Mumbai - 400 023  
Tel: + 91 22- 22671715  
Fax: +91 22-22672101

**DBS BANK LIMITED**

3rd Floor, Fort House,  
221, Dr. D. N. Road, Fort,  
Mumbai - 400 001  
Tel: +91 22-66388888  
Fax: +91 22-66388897

**DENA BANK**

Sapthgiri Apartment,  
83, T. T. K. Road,  
Alwarpet,  
Chennai - 600 018  
Tel: +91 44-24994279  
Fax: +91 44-24988892

**DEUTSCHE BANK A. G.**

DB House,  
Hazarimal Somani Marg, Fort,  
Mumbai - 400 001  
Tel: +91 22- 22076690  
Fax: +91 22-22072966

**DEVELOPMENT CREDIT BANK LIMITED**

Corporate Office,  
301, Trade Plaza,  
414, Veer Savarkar Marg,  
Prabhadevi,  
Mumbai - 400 025  
Tel: +91 22- 66187297 /99  
Fax: +91 22-24231520 /26

**HDFC BANK LIMITED**

Process House,  
2nd Floor, Kamala Mills Compound,  
Lower Parel,  
Mumbai - 400 013  
Tel: +91 22-24961616/24988484  
Fax: +91 22-24963994/24968135

**ICICI BANK LIMITED**

ICICI Bank Towers,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051  
Tel: +91 22- 26536428/80  
Fax: +91 22-26531206

**INDIAN OVERSEAS BANK**

Merchant Chamber, Ground Floor,  
New Marine Line,  
Mumbai - 400 020  
Tel:+91 22-22016822/2528  
Fax: +91 22- 22036621

**IDBI Bank Limited**

IDBI Towers,  
WTC Complex,  
Cuffe Parade,  
Mumbai - 400 005  
Tel: +91 22- 66553355/22187111  
Fax: +91 22-22180411

**JAMMU & KASHMIR BANK**

Block D, North Side,  
Shiv Sagar Estate,  
Dr. Annie Basant Road,  
Worli, Mumbai - 400 018  
Tel: +91 22- 66608865/69/77  
Fax: +91 22-66608870

**FEDERAL BANK LIMITED**

Nariman Bhavan,  
12/227, Point,  
Mumbai - 400 021  
Tel: +91 22-22812335  
Fax: +91 22-22028726

**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

52/60, Mahatma Gandhi Road,  
Mumbai - 400 001  
Tel: +91 22-22685307  
Fax: +91 22-66536015

**INDIAN BANK**

325, Gitanjali Building,  
Nehru Road, Vile Parle (E),  
Mumbai - 400 057  
Tel: +91 22- 26146662/26148753  
Fax: +91 22- 26174297

**INDUSIND BANK**

701, Solitaire Corporate Park,  
167, Guru Hargovindji Marg,  
Andheri (E), Mumbai - 400 093  
Tel: +91 22- 66412200  
Fax:+91 22- 66412224

**ING VYSYA BANK**

602-B, Poonam Chambers,  
A Wing,  
Dr. A B Road, Worli,  
Mumbai - 400 018  
Tel: +91 22- 66666489  
Fax:+91 22- 66666449

**JP MORGAN CHASE BANK N.A.**

Mumbai Branch,  
Mafatlal Centre, 9th Floor,  
Nariman Point, Mumbai 400 021  
Tel: +91 22-22855666  
Fax:+91 22-66363094

**KARUR VYSYA BANK LIMITED**

P. N. No. 1414,  
Kamanwala Chambers,  
Sir P. M. Road, Fort, Mumbai - 400 001  
Tel: +91 22- 22665467/22665914  
Fax:+91 22- 22612761

**KARNATAKA BANK LIMITED**

294/A, Haroon House,  
Perin Nariman Street, Fort,  
Mumbai - 400 001  
Tel: +91 22-22662283/22663256  
Fax:+ 91 22- 22661685

**KOTAK MAHINDRA BANK LIMITED**

13th Floor, Nariman Bhavan,  
227 Nariman Point,  
Mumbai - 400 021  
Tel: +91 22-66596393  
Fax: +91 22-22817527

**THE LAKSHMI VILAS BANK LIMITED**

No. 64, Dr. V. B. Gandhi Marg,  
Kalaghoda, Fort,  
Mumbai - 400 001  
Tel: +91 22-22672247/22672255  
Fax: +91 22-22670267

**ORIENTAL BANK OF COMMERCE**

Shreeji Chambers,  
Tata Road No.2,  
Opera House,  
Mumbai - 400 004  
Tel: +91 22- 23643571/2/3/4  
Fax:+91 22-23637667

**PUNJAB & SIND BANK**

165 Thambu Chetty Street,  
Chennai - 600 001  
Tel: +91 44 22342562/25359665  
Fax: +91 44-25342016

**PUNJAB NATIONAL BANK**

10, Raja Street, T. Nagar,  
Chennai - 600 001  
Tel:+91 44 24333934  
Fax: +91 44-24341050

**THE RATNAKAR BANK LIMITED**

7, Homji Street,  
Rohimtoola House,  
Horniman Circle, Fort,  
Mumbai - 400 001  
Tel: +91 22-22703635/22703638  
Fax: +91 22-22703639

**SHINHAN BANK**

42, Jolly Maker Chambers II,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22-22822200  
Fax: +91 22-22884277

**THE SOUTH INDIAN BANK LIMITED**

289, Emca House,  
S. B. Singh Road, Fort,  
Mumbai - 400 038  
Tel: +91 22-22611209/22658974  
Fax: +91 22- 22614749

**STANDARD CHARTERED BANK**

Box 725, 90,  
Mahatma Gandhi Road,  
Fort, Mumbai - 400 023  
Tel: +91 22- 22673516  
Fax: +91 22-22655295

**STATE BANK OF INDORE**

Sterling Centre,  
Dr. Annie Basant Road, Worli,  
Mumbai - 400 018  
Tel: +91 22-24952404 / 24929633  
Fax: +91 22-24938903

**STATE BANK OF BIKANER AND JAIPUR**

United India Life Building,  
Sir P. M. Road, Fort,  
Mumbai - 400 023  
Tel: +91 22-22663189/22662573  
Fax: +91 22-22660875

**SBI COMMERICAL AND INTERNATIONAL  
BANK LIMITED**

Maker Chamber 3,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22-40043224  
Fax: +91 22-22842280

**STATE BANK OF HYDERABAD**

C-11, Mittal Tower, 210,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22-228433550/ 3543/4096  
Fax: +91 22-22841096

**STATE BANK OF INDIA**

Leather & International Branch,  
Mid Corporate Group,  
MVJ Towers, 177/1, P. H. Road,  
Kalipauk,  
Chennai - 600 010  
Tel: +91 44 28287902  
Fax: +91 44-28360456

**STATE BANK OF MAURITIUS LIMITED**

101, Raheja Centre,  
Free Press Journal Road,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22-22846560/22842965  
Fax: +91 22-22842966

**STATE BANK OF MYSORE**

# 224, C Wing, Mittal Court,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22-22790534  
Fax: +91 22-22044281

**STATE BANK OF PATIALA**

Commercial Branch,  
Atlanta, 1st Floor, Nariman Point,  
Mumbai - 400 021  
Tel: + 91 22-22851775/22851762  
Fax: +91 22-66375703

**STATE BANK OF TRAVANCORE**

Commercial Branch,  
Jeevan Anand,  
556, Anna Salai, Teynampet,  
Chennai - 600 018  
Tel: +91 44-24359435/24359432  
Fax: +91 44-24351671

**SOCIETE GENERALE CORPORATE &  
INVESTMENT BANKING**

Maker Chamber IV,  
13th Floor, Nariman Point,  
Mumbai 400 021  
Tel: +91 22- 66309500  
Fax: +91 22-22045459

**TAMILAND MERCANTILE BANK LIMITED**

101-104, Goradia House,  
Kazi Syed Street, Mandvi,  
Mumbai - 400 003  
Tel: +91 22-23415624/23413140  
Fax: +91 22-23401667

**UCO BANK**

Flagship Corporate Branch,  
1st Floor, Mafatlal Centre,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22-40549191  
Fax: +91 22-40549122

**UNION BANK OF INDIA**

Union Bank Bhavan,  
239, Vidhan Bhavan Marg,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22-22892150/22892022  
Fax: + 91 22-22855037

**UNITED BANK OF INDIA**

Hotel Oberai Towers Branch,  
Hotel Oberai Towers Building,  
Nariman Point, Mumbai - 400 021  
Tel: +91 22-22047121  
Fax: +91 22-22026366

**VIJAYA BANK**

29 Clover Apartment,  
Cuffe Parade,  
Colaba, Mumbai - 400 005  
Tel: +91 22-22186515/22163590  
Fax: +91 22-22182546

**YES BANK LIMITED**

4th Floor, Nehru Centre,  
Worli, Mumbai - 400 018  
Tel: + 91 22-66699197  
Fax: + 91 22-24901128

**Lead Brokers to the Issue:****ENAM Securities Private Limited**

801, Dalamal Tower,  
Nariman Point,  
Mumbai - 400 021  
Tel: +91 22 6638 1800  
Fax: +91 22 2284 6824  
Email: [stfcdpo@enam.com](mailto:stfcdpo@enam.com)  
Investor Grievance Email:  
[complaints@enam.com](mailto:complaints@enam.com)  
Website: [www.enam.com](http://www.enam.com)  
Contact Person : Ms. Anusha Bharadwaj

**ICICI Securities Limited**

ICICI Centre,  
H.T. Parekh Marg,  
Churchgate,  
Mumbai - 400 020  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580  
Email: [stfc.debtissue@icicisecurities.com](mailto:stfc.debtissue@icicisecurities.com)  
Investor Grievance  
Email: [customercare@icicisecurities.com](mailto:customercare@icicisecurities.com)  
Website: [www.icicisecurities.com](http://www.icicisecurities.com)  
Contact Person : Ms. Neha Arora

**A.K. Stockmart Private Limited**

30-39, Free Press House,  
Free Press Journal Marg,  
215, Nariman Point,  
Mumbai 400 021  
Tel: +91 22 6754 6500/6633 2178  
Fax: +91 22 6610 0594  
Email: [stfcipo@akgroup.co.in](mailto:stfcipo@akgroup.co.in)  
Contact Person: Mr. Hitesh Shah

**Kotak Securities Limited**

2nd Floor, Nirlon House,  
Near Old Passport Office,  
Dr Anne Beasant Road,  
Worli,  
Mumbai 400 025  
Tel: +91 22 6740 9708  
Fax: +91 22 6630 3927  
Contact Person: Mr. Sanjeeb Das

**Bajaj Capital Investor Services Limited**

5<sup>th</sup> Floor, Bajaj House, 97  
Nehru Place,  
New Delhi 110019  
Tel: +91 4169 3000 etn. 1528  
Fax: +91 11 2647 6638

**Integrated Securities Limited**

1st Floor, Kences Towers  
No. 4 Ramkrishna Street  
North Usman Road  
T. Nagar Chennai 600 017  
Tel: +91 44 2814 0645



Email: [harishs@bajajcapital.com](mailto:harishs@bajajcapital.com)  
Website: [www.justtrade.in](http://www.justtrade.in)  
Contact Person: Mr. Harish Sabharwal

Fax: +91 44 2814 3074  
Email: [compliance@cubsharebroking.com](mailto:compliance@cubsharebroking.com)  
Website: [www.cubsharebroking.com](http://www.cubsharebroking.com)  
Contact Person: Mr. N. Ramesh

### **JM Financial Services Private Limited**

141, Maker Chambers III  
Nariman Point,  
Mumbai 400 021.  
Tel: +91 22 6630 3030  
Fax: +91 22 2202 8224  
Email: [prashant.choksi@jmfinancial.in](mailto:prashant.choksi@jmfinancial.in)  
Website [www.jmfinancial.in](http://www.jmfinancial.in)  
Contact Person: Mr. P. K. Choksi

### **Karvy Stock Broking Limited**

Karvy House,  
46, Avenue 4, Street No.1,  
Banjara Hills,  
Hyderabad 500 034  
Tel: +91 40 2331 2454  
Fax: +91 40 6662 1474  
e-mail: [jayantkumard@karvy.com](mailto:jayantkumard@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)  
Contact Person: Mr. D. Jayant Kumar

### **RR Equity Brokers Private Limited**

47, M. M. Road,  
Rani Jhansi Marg,  
Jhandewalan,  
New Delhi 110 055  
Tel: +91 11 2363 6362  
Fax: +91 11 2363 6666  
Email: [ravigoyal@rrfcl.com](mailto:ravigoyal@rrfcl.com)  
Website: [www.rrfcl.com](http://www.rrfcl.com)  
Contact Person: Mr. Ravi Goyal

### **Reliance Securities Limited**

Prijat House, 4th Floor  
Manjrekar Lane,  
1076, Off Dr. E. Moses Road,  
Worli,  
Mumbai 400 018  
Tel: +91 22 3046 2405  
Fax: +91 22 3046 2532  
Email: [jithesh.narayanan@relianceada.com](mailto:jithesh.narayanan@relianceada.com)  
Website: [www.reliancemoney.com](http://www.reliancemoney.com)  
Contact Person: Mr. Jithesh Narayanan

### **Impersonation**

*As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Act, relating to punishment for fictitious applications.*

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 75 % of the Base Issue, i.e. Rs.37,500 lakhs, prior to allotment, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

### **Credit Rating and Rationale**

#### **(1) 'AA (ind)' by Fitch**

Pursuant to a letter dated May 14, 2009 Fitch has rated the NCDs "AA (ind)". Set out below is the rating rationale adopted by Fitch:

*This rating reflects STFC's dominance in pre-owned commercial vehicle (PCV) finance in India, stable profitability and asset quality, as well as high industry concentration and limited financial flexibility compared to commercial banks.*



While STFC recorded considerable portfolio growth (84% year on year) in FY08, with controlled credit losses and operating costs, net interest margin (NIM) declined (FY08: 7.74%, FY07:9.57%) as higher borrowing costs were absorbed.

RoA however remained strong due to rapid growth in income from securitised/bilaterally assigned receivables (which is amortised over the remaining life of the asset) and could come under stress if securitisation volumes decline. While the company expects to improve its fee income streams as it rolls out sale of general insurance products across its network, they are unlikely to significantly support RoA in the next 12-18 months. STFC's extensive market knowledge and relationship-based credit processes, where recovery responsibility vests with originating officers, have helped in containing credit losses through cycles. That said, a significant part of the portfolio has been originated in period of high growth and remains unseasoned.

Despite strong profitability, portfolio growth at FY08 levels could strain STFC's leverage ratios (total debt/equity ratio: 7.65X in Q109). In this situation, given its lower financial flexibility compared with banks, equity infusions beyond those planned (INR2.16bn warrant conversions by June 09) may be necessary to keep its credit profile from deteriorating. Fitch notes that the company's recent decision of not deducting credit enhancements for bilateral loan assignments from capital, which it earlier did, has released INR 5.64 billion in capital. This contributed more than three percentage points to the capital adequacy improvement in Q109 (CAR 15.60% in Q109, 12.87% in FY08).

High reliance on bank funding and securitisation (FY08: over 90% of borrowings) could constrain growth if counterparties decide to reduce exposure. Given its rapid growth plans, STFC will need to diversify its funding sources to avoid any limitation imposed by banks' single party exposure norms.

STFC's liability tenors (close to 30 months) are well matched with its asset tenors (33-36 months). Traditionally, unused bank lines and loan sell-downs have supported liquidity (most of its assets would enjoy priority sector classification with banks). In recent weeks the company has been building up its liquid investment book as a cushion.

## **(2) 'CARE AA+' by CARE**

Pursuant to a letter dated June 15, 2009 CARE has rated the Issue "CARE AA+". This rating indicates high safety for timely servicing of debt obligations and very low credit risk. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal or suspension at any time by the assigning rating agency and each should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information, etc. Set out below is the rating rationale adopted by CARE:

*The rating factors in STFC's dominant position and almost three decades of experience in the pre-owned commercial vehicle (CV) financing segment, its overall healthy profitability parameters, its strong resource raising capabilities, and its proactive and experienced management. The rating is however constrained by STFC's concentration in a single asset class and the underlying industry risk linked with its target customer segment of Small Truck Operators, which is relatively more vulnerable to an economic downturn.*

*STFC's ability to maintain the asset quality of its portfolio, which has grown rapidly in last two-three years, in a scenario of economic slowdown, timely infusion of additional capital to fuel growth and maintaining its spreads would remain key rating sensitivities.*

### **Utilisation of Issue proceeds**

Our Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act;



- details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested; and
- we shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus in the section titled “Issue Structure” on page 253.
- the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

### **Issue Programme**

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and shall close at the close of banking hours on the dates indicated below or earlier or on such date, upto 30 days from the date of opening of the Issue, as may be decided at the discretion of the Board of Directors or any committee of our Company subject to necessary approvals

<b>ISSUE OPENS ON</b>	July 27, 2009
<b>ISSUE CLOSES ON</b>	August 14, 2009



## SUMMARY OF BUSINESS, STRENGTH & STRATEGY

### OVERVIEW

We are one of the largest asset financing NBFCs in India with a niche presence in financing pre-owned trucks and Small Truck Owners (STOs).

Our Company was incorporated in the year 1979 and is registered as a Deposit taking NBFC with Reserve Bank of India under Section 451A of the Reserve Bank of India Act, 1934.

We are a part of the “SHRIRAM” conglomerate which has significant presence in financial services viz., commercial vehicle financing business, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products such as life and general insurance products and units of mutual funds. Apart from these financial services, the group is also present in non-financial services business such as property development, engineering projects and information technology.

With a track record of about 30 years in this business, we are among the leading organized finance provider for the commercial vehicle industry with a focus to provide various credit facilities to STOs. We have also added passenger commercial vehicles, multi-utility vehicles, three wheelers, tractors and construction equipment to our portfolio, making us a diversified, end to end provider of finance solutions to the domestic road logistics industry. Besides financing commercial vehicles (both new and pre-owned) we also extend finance for tyres, engine replacement and working capital. We also provide ancillary services such as freight bill discounting besides offering co-branded credit cards.

Our pan-India presence through our widespread network of branches has helped in our overall growth over the years. As on March 31, 2009 we had 479 branches and tie up with over 500 private financiers across the country. As on March 31, 2009 our total employee strength was 12,196, including more than 6,000 product executives and credit executives who are colloquially referred to as our field force.

We have demonstrated consistent growth in our business and profitability. Our AUM have grown by a compounded annual growth rate (CAGR) of 68.01% from Rs. 2,92,159.35 lakhs (which comprise of AUM in the books of Company of Rs. 1,58,700.28 lakhs, assets securitised / assigned of Rs. 28,368.43 lakhs and portfolio managed by the Company of Rs. 1,05,090.64 lakhs) in FY 2005 to Rs. 23,28,110.65 lakhs (which comprise of AUM in the books of Company of Rs. 17,92,397.14 lakhs, assets securitised / assigned of Rs. 5,31,092.91 lakhs and portfolio managed by the Company of Rs. 4,620.60 lakhs) in FY 2009. Our total income and our profit after tax increased from Rs. 34,568.84 lakhs and Rs. 4,932.38 lakhs in FY 2005 to Rs. 3,73,112.97 lakhs and Rs. 61,240.21 lakhs in FY 2009 at a CAGR of 81.25% and 87.71%, respectively.

### OUR VISION

Our Company was set up with the objective of offering the common man a host of products and services that would be helpful to him on his path to prosperity. Over the decades, we have achieved significant success in reaching this objective, and have created a tremendous sense of loyalty amongst our customers.

Operational efficiency, integrity and a strong focus on catering to the needs of the common man by offering him high quality and cost-effective products & services are the values driving our Company. These core values are deep-rooted within the organisation and have been strongly adhered to over the decades.

We pride ourself for our perfect understanding of the customer. Each product or service is tailor-made to perfectly suit customer needs. It is this guiding philosophy of putting people first that has brought us closer to the grassroots, and made us the preferred choice for all the commercial vehicle financing requirements amongst customers.

### STRENGTHS

We believe that our key strengths are:



- One of the largest asset based NBFCs in India
- We possess expertise in raising funds from multiple sources
- We have a unique business model
- We have a well established and a reputed brand
- We possess expertise in origination, valuation and collection
- We have an experienced management team

### **OUR STRATEGY**

As a part of our growth strategy we propose to:

- Build partnerships with private financiers
- Innovative marketing and sales initiatives – “Truck Bazars”
- Expand our product base
- Expand our geographical presence
- Continue to Implement advanced processes and systems
- Foray into equipment financing.



## THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “Terms of the Issue” beginning on page 249 of this Prospectus.

### Common Terms of NCDs

<b>Issuer</b>	Shriram Transport Finance Company Limited
<b>Issue</b>	Public Issue by our Company of NCDs aggregating to Rs. 50,000 lakhs with an option to retain over-subscription upto Rs. 50,000 lakhs for issuance of additional NCDs
<b>Stock Exchanges proposed for listing of the NCDs</b>	NSE
<b>Issuance and Trading</b>	Compulsorily in dematerialised form
<b>Trading Lot</b>	1 (one) NCD
<b>Depositories</b>	NSDL and CDSL
<b>Security</b>	Security for the purpose of this Issue will be created in accordance with the terms of the Debenture Trust Deed. For further details please refer to the section titled “Issue Structure” beginning on page 253 of this Prospectus.
<b>Rating</b>	‘AA (ind)’ by Fitch and ‘CARE AA+’ by CARE
<b>Issue Schedule *</b>	The Issue shall be open from July 27, 2009 to August 14, 2009 with an option to close earlier and/or extend upto a period of thirty days.
<b>Pay-in date</b>	3 (three) Business Days from the date of application or the date of realisation of the cheques/demand drafts, whichever is later.
<b>Deemed Date of Allotment</b>	Deemed date of allotment shall be the date of issue of the letter of allotment / regret.

*\*[The subscription list shall remain open for a period as indicated, with an option for early closure or extension by such period, upto a period of 30 days from date of opening of the Issue, as may be decided by the Board of Directors of our Company.]*

The specific terms of each instrument, (namely Option I, Option II, Option III, Option IV and Option V NCDs), are set out below:

Options	I	II	III	IV	V
<b>Frequency of Interest Payment</b>	Half-yearly	Annual	Cumulative	Annual	Annual
<b>Minimum Application</b>	Rs.10,000/-	Rs.10,000/-	Rs.10,000/-	Rs.10,000/-	Rs.10,000/-
	Or Rs. 10,000/- (10 NCDs) (for option I, II, III, IV and/or V NCDs either taken individually or collectively)				
<b>In Multiples of</b>	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs. 1,000/-
<b>Face Value of NCDs (Rs. / NCD)</b>	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs. 1,000/-
<b>Issue Price (Rs. / NCD)</b>	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs. 1,000/-
<b>Mode of Interest Payment</b>	Through Various options available *	Through Various options available *	Through Various options available *	Through Various options available *	Through Various options available *
<b>Coupon (%) p.a.</b>	11.00% per annum **	11.25% per annum **	11.03% per annum to be	11.00% per annum	10.75% per annum

Options	I	II	III	IV	V
			compounded quarterly		
<b>Yield on redemption</b>	11.30%	11.25%	11.50%	11.00%	10.75%
<b>Put and call option</b>	NIL	NIL	Expiry of 48 months from the Deemed Date of Allotment	Expiry of 48 months from the Deemed Date of Allotment	NIL
<b>Tenor</b>	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	36 months from the Deemed Date of Allotment
<b>Redemption Date and Manner of Redemption</b>	Re-payment of the Face Value of the NCDs in stages between the period commencing on the expiry of 36 months till the expiry of 60 months from the Deemed Date of Allotment, with 40% of the Face Value of the NCDs payable at the end of the 36 months from the Deemed Date of Allotment, 40% of the Face Value of the NCDs, payable at the end of 48 months from the Deemed Date of Allotment and 20% of the Face Value of the NCDs payable at the end of 60 months from the Deemed Date of Allotment. The Face Value at each stage of redemption as detailed above, shall be payable together with any interest which may have accrued on the date of such redemption.	Re-payment of the Face Value of the NCDs in stages between the period commencing on the expiry of 36 months till the expiry of 60 months from the Deemed Date of Allotment, with 40% of the Face Value of the NCDs payable at the end of the 36 months from the Deemed Date of Allotment, 40% of the Face Value of the NCDs payable at the end of 48 months from the Deemed Date of Allotment and 20% of the Face Value of the NCDs payable at the end of 60 months from the Deemed Date of Allotment. The Face Value at each stage of redemption as detailed above, shall be payable together with any interest which may have accrued on the date of such redemption.	Repayment of the Face Value of the NCDs plus any interest that may have accrued at the end of 60 months from the deemed date of allotment ***	Repayment of the Face Value of the NCDs plus any interest that may have accrued at the end of 60 months from the deemed date of allotment ***	Repayment of the Face Value of the NCDs plus any interest that may have accrued at the end of 36 months from the deemed date of allotment

\* For various options of interest payment, please refer page 255 of this Prospectus.



\*\* Senior Citizens shall be entitled to an additional interest at the rate of 0.25% per annum. For further details please refer to “Interest and Payment of Interest” at page 255 of this Prospectus.

\*\*\* Subject to the exercise of the put / call option in the manner set out in this Prospectus



## SUMMARY FINANCIAL INFORMATION

The following tables present the summary financial information of our Company and have been prepared in accordance with Indian GAAP and the Act. The summary financial information should be read in conjunction with the Auditors' Report and notes thereto contained in the section titled "Financial Information" beginning on page 90 of this Prospectus.

### STATEMENT OF PROFITS AND LOSSES OF OUR COMPANY

(Rs. in Lacs)

	Particulars	For the year ended March 31,				
		2009	2008	2007	2006	2005
	<b>Income</b>					
<b>A</b>	Income from Operations	365,978.05	245,328.68	140,299.54	88,534.58	33,831.76
<b>B</b>	Other Income	7,134.92	5,574.00	1,839.06	2,095.93	737.08
	<b>Total Income (A+B)</b>	<b>373,112.97</b>	<b>250,902.68</b>	<b>142,138.60</b>	<b>90,630.51</b>	<b>34,568.84</b>
	<b>Expenditure</b>					
	Interest & Other Charges	197,767.21	129,661.64	73,833.11	41,913.24	16,561.34
	Raw Material Consumed	687.17	258.06	-	-	-
	Personnel Expenses	20,053.60	12,547.76	7,263.39	4,776.62	1,421.88
	Operating & Other Expenses	27,925.50	19,463.22	13,788.10	13,162.37	6,078.91
	Depreciation and Lease Adjustments	3,480.59	3,705.97	1,281.85	969.02	352.03
	Impairment loss/(Reversal) on Fixed assets & stock	560.87	-	(296.72)	9.97	119.63
	Share & Debenture Issue expenses written off	-	13.74	27.44	39.35	22.85
	Provisions & Write offs	30,574.92	24,668.99	17,319.01	8,143.07	2,225.31
<b>C</b>	<b>Total Expenditure</b>	<b>281,049.86</b>	<b>190,319.38</b>	<b>113,216.18</b>	<b>69,013.64</b>	<b>26,781.95</b>
	<b>Profit Before Taxation (A+B-C)</b>	<b>92,063.11</b>	<b>60,583.30</b>	<b>28,922.42</b>	<b>21,616.87</b>	<b>7,786.89</b>
	Provision for taxation	34,998.86	26,387.42	14,445.62	5,984.29	1,464.23
	Provision for deferred tax [Liability/ (Asset)]	(4,477.15)	(5,069.77)	(4,706.87)	1,345.26	1,390.28
	Provision for Fringe Benefit Tax	301.19	283.00	143.96	123.22	-
	<b>Profit after Taxation</b>	<b>61,240.21</b>	<b>38,982.65</b>	<b>19,039.71</b>	<b>14,164.10</b>	<b>4,932.38</b>
	Balance in Profit & Loss	27,486.21	12,248.92			

Particulars	For the year ended March 31,				
	2009	2008	2007	2006	2005
Account brought forward			5,322.65	3,396.32	1,914.29
- on amalgamation of SIL	-	-	-	3,387.15	-
- on amalgamation of SOFL	-	-	-	106.96	-
Provision for Dividend no longer required	-	-	-	-	4.76
<b>Balance Available for Appropriations</b>	<b>88,726.42</b>	<b>51,231.57</b>	<b>24,362.36</b>	<b>21,054.53</b>	<b>6,851.43</b>
<b>Appropriations</b>					
Dividend - Cumulative Redeemable Preference Shares	-	-	-	423.67	228.21
Equity Shares - Interim dividend	2,045.55	2,170.20	1,749.01	4,271.43	519.50
Equity Shares - Proposed final dividend	8,140.46	8,125.42	3,683.17	559.38	981.43
Tax on dividend	1,731.16	1,749.74	871.26	736.95	225.97
Short Provision for Dividend Tax of previous Year	-	-	-	18.09	-
Transfer to statutory reserve	12,300.00	7,800.00	3,810.00	2,834.01	1,000.00
Transfer to general reserve	6,200.00	3,900.00	2,000.00	1,500.00	500.00
Transfer to Capital Redemption Reserve	-	-	-	5,388.35	-
<b>Balance carried to Balance Sheet</b>	<b>58,309.25</b>	<b>27,486.21</b>	<b>12,248.92</b>	<b>5,322.65</b>	<b>3,396.32</b>
<b>Total</b>	<b>88,726.42</b>	<b>51,231.57</b>	<b>24,362.36</b>	<b>21,054.53</b>	<b>6,851.43</b>

**STATEMENT OF ASSETS AND LIABILITIES OF OUR COMPANY**

**(Rs. in Lacs)**

	Particulars	As at March 31,				
		2009	2008	2007	2006	2005
	<b>Assets</b>					
A	Fixed Assets (Net)	13,426.57	14,264.44	16,746.53	15,722.12	4,912.41
B	Investments	65,476.33	138,512.02	22,457.16	915.42	407.49
C	Deferred Tax Asset (Net)	2,639.48	-	-	-	-
D	Current Assets	2,373,061.57	1,647,958.46	1,002,745.40	557,467.66	176,715.59
E	Loans & Advances	44,369.28	26,125.93	41,586.36	32,797.79	14,531.52
<b>F</b>	<b>Total (A+B+C+D+E)</b>	<b>2,498,973.23</b>	<b>1,826,860.85</b>	<b>1,083,535.45</b>	<b>606,902.99</b>	<b>196,567.01</b>
	<b>Liabilities</b>					
G	Secured Loans	1,677,459.31	1,154,494.87	630,015.59	374,201.79	129,998.95
H	Unsecured Loans	334,671.85	322,807.83	239,495.26	65,279.01	16,115.93
I	Deferred tax Liability (Net)	-	3,592.21	8,661.98	13,368.85	5,349.98
J	Current Liabilities	211,907.94	137,279.30	81,430.61	61,279.78	20,189.65
K	Provisions	43,270.53	27,050.74	15,304.49	8,924.98	2,611.34
<b>L</b>	<b>Total (G+H+I+J+K)</b>	<b>2,267,309.63</b>	<b>1,645,224.95</b>	<b>974,907.93</b>	<b>523,054.41</b>	<b>174,265.85</b>
	<b>Net Worth (F-L)</b>	<b>231,663.60</b>	<b>181,635.90</b>	<b>108,627.52</b>	<b>83,848.58</b>	<b>22,301.16</b>
	<b>Represented By</b>					
i	Share Capital	20,353.56	20,315.94	18,418.27	16,921.05	9,073.50
ii	Stock Option Outstanding	2,138.90	1,826.64	1,227.38	353.49	-
iii	Optionally Convertible warrants	2,400.00	2,400.00	772.80	1,992.03	103.81
iv	Share application money pending	13.80	21.37	-	-	-

	Particulars	As at March 31,				
		2009	2008	2007	2006	2005
	allotment					
v	Reserves and Surplus	206,757.34	157,071.95	88,222.80	64,623.18	13,168.28
vi	Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-	13.73	41.17	44.43
	<b>Total (i+ii+iii+iv+v-vi)</b>	<b>231,663.60</b>	<b>181,635.90</b>	<b>108,627.52</b>	<b>83,848.58</b>	<b>22,301.16</b>

**STATEMENT OF CASH FLOWS OF OUR COMPANY**

Particulars	For the year ended March 31,				
	2009	2008	2007	2006	2005
<b>A. Cash flow from operating activities</b>					
Net profit before taxation	92,063.11	60,583.30	28,922.42	21,616.87	7,786.89
Depreciation	3,480.59	3,705.97	1,281.85	969.02	352.03
Share and debenture issue expenses written off	-	13.74	27.44	39.35	22.85
(Profit) / loss on sale of assets (net)	87.77	17.39	231.02	33.00	7.63
(Profit) / loss on sale of investments (net)	(512.62)	(717.70)	(11.65)	(19.06)	(6.84)
Interest and dividend received	(3,254.35)	(3,487.19)	(419.80)	(349.91)	(121.13)
Employees Stock option compensation cost	580.57	653.95	987.16	353.49	-
Provision for impairment of windmill	560.87	-	(248.28)	-	70.15
Provision for impairment -others	-	-	(48.44)	9.97	49.48
Provision for hedging contracts	(705.44)	690.42	15.02	-	-
Provision for credit loss on securitization	4,464.01	2,009.30	1,640.19	-	-
Provisions and write off	26,794.90	21,875.36	15,742.63	8,322.05	2,217.12
Provision for gratuity	141.16	148.45	22.92	19.67	6.40
Provision for leave encashment	227.65	120.73	(0.82)	12.50	5.00
Provision for diminution in value of investments	81.14	60.67	(167.60)	11.79	19.85
<b>Operating profit before working capital changes</b>	<b>124,009.36</b>	<b>85,674.39</b>	<b>47,974.06</b>	<b>31,018.74</b>	<b>10,409.43</b>
<b>Movements in working capital:</b>					
(Increase) / decrease in stock on hire	-	5,665.49	21,752.14	35,394.45	14,649.04
(Increase) / decrease in assets under financial lease	7,042.41	14,649.11	17,394.67	22,991.48	6,306.37
(Increase) / decrease in assets under loan agreement	(303,528.03)	(726,682.58)	(341,573.04)	(297,212.81)	(88,315.53)
(Increase) / decrease in lease assets - net of sales	-	-	0.56	1.16	5.77
(Increase) / decrease in other loans and advances	(20,237.77)	15,712.00	(9,172.35)	(3,798.59)	(1,479.20)
(Increase) / decrease in other					

Particulars	For the year ended March 31,				
	2009	2008	2007	2006	2005
receivables (current assets)	(988.49)	(2,071.96)	(49.82)	931.98	16.37
Increase / (decrease) in current liabilities	73,274.91	57,152.49	22,311.54	18,306.00	6,437.64
<b>Cash generated from operations</b>	<b>(120,427.61)</b>	<b>(549,901.06)</b>	<b>(241,362.24)</b>	<b>(192,367.59)</b>	<b>(51,970.11)</b>
Direct taxes paid (net of refunds)	(35,067.48)	(26,899.61)	(14,205.81)	(6,480.97)	(1,832.63)
<b>Net cash used in operating activities (A)</b>	<b>(155,495.09)</b>	<b>(576,800.67)</b>	<b>(255,568.05)</b>	<b>(198,848.56)</b>	<b>(53,802.74)</b>
<b>B. Cash flows from investing activities</b>					
Investment in bank deposits (net)	(47,214.27)	(33,178.65)	(32,445.92)	9,179.84	(1,331.52)
Purchase of fixed assets	(3,369.47)	(5,252.92)	(1,622.25)	(1,075.00)	(127.29)
Proceeds from sale of fixed assets	78.10	24.70	746.91	302.00	2.41
Change in capital work in progress	-	3,986.91	(1,414.06)	(2,244.05)	(4.05)
Purchase of Investment	(64,790.83)	(776,661.44)	(21,364.74)	-	-
Investment in associate company	-	(30.00)	(180.00)	-	-
Investment in subsidiary company	-	-	(4.99)	-	-
Proceeds from sale of investments in subsidiary company	-	4.99	-	-	-
Proceeds from sale of investments in associate company	-	112.50	-	-	-
Proceeds from sale of investments	138,339.14	661,221.69	19.63	78.58	6.84
Interest received	2,767.69	2,967.86	398.96	347.78	121.07
Dividend received	486.66	519.33	20.84	2.13	0.06
<b>Net cash used in investing activities (B)</b>	<b>26,297.02</b>	<b>(146,285.03)</b>	<b>(55,845.62)</b>	<b>6,591.28</b>	<b>(1,332.48)</b>
<b>C. Cash Flows from financing activities</b>					
Proceeds from issue of equity share capital including securities premium & Share application	124.09	43,003.42	11,028.07	30,687.67	6,107.40
Redemption of preference shares	-	-	-	(5,388.35)	-
Proceeds from issue of share warrants	-	2,400.00	-	1,792.00	103.81
Increase / (decrease) in bank borrowings (net)	320,120.96	443,172.48	278,640.26	116,255.06	18,849.14

Particulars	For the year ended March 31,				
	2009	2008	2007	2006	2005
Increase / (decrease) in long term borrowings from others (net)	(41,471.04)	27,824.90	85,438.50	18,041.38	12,430.57
Increase / (decrease) in fixed deposits (net)	146.45	(763.73)	(342.36)	(1,325.98)	(219.51)
Increase / (decrease) in subordinate debts (net)	55,816.44	30,577.18	29,924.71	13,225.78	9,401.10
Increase / (decrease) in redeemable non convertible debentures (net)	169,124.14	119,111.61	2,368.94	10,126.91	14,433.61
Increase / (decrease) in inter corporate deposits and commercial papers (net)	31,091.52	(12,214.36)	34,000.00	(331.71)	(15.00)
Dividend paid	(10,170.97)	(5,853.38)	(5,320.67)	(3,575.25)	(1,528.17)
Tax on dividend	(1,728.56)	(994.78)	(746.23)	(519.52)	(198.32)
<b>Net cash from financing activities (C)</b>	<b>523,053.03</b>	<b>646,263.34</b>	<b>434,991.22</b>	<b>178,987.99</b>	<b>59,364.63</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>393,854.96</b>	<b>(76,822.36)</b>	<b>123,577.55</b>	<b>(13,269.29)</b>	<b>4,229.41</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>67,199.30</b>	<b>144,021.66</b>	<b>20,444.11</b>	<b>33,713.40*</b>	<b>13,420.96</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>461,054.26</b>	<b>67,199.30</b>	<b>144,021.66</b>	<b>20,444.11</b>	<b>17,650.37</b>

Components of Cash and Cash Equivalents	As at March 31,				
	2009	2008	2007	2006	2005
Cash, Cheques on Hand and remittance in transit	8,562.79	6,689.69	4,871.89	2,640.25	709.72
With Banks - in Current Account	95,601.30	45,275.37	26,253.34	15,584.83	16,800.73
- in unpaid dividend accounts	165.70	109.36	160.05	125.48	139.92
- in fixed deposits (Original maturity being three months or less)	356,724.47	15,124.88	112,736.38	2,093.55	-
	<b>461,054.26</b>	<b>67,199.30</b>	<b>144,021.66</b>	<b>20,444.11</b>	<b>17,650.37</b>

**Note:**

Cash and Cash Equivalents at the beginning of the year for the year ended March 31, 2006 includes cash and cash equivalents of M/s. Shriram Investments Limited Rs. 15,792.04 Lacs and of M/s Shriram Overseas Finance Limited Rs. 270.99 Lacs. The same is not included in Cash and cash equivalents at the end of the year ended March 31, 2005.



## CAPITAL STRUCTURE

### Details of share capital

The share capital of our Company as at date of this Prospectus is set forth below:

Share Capital	Amount (Rs. in Lakhs)
<b>AUTHORISED SHARE CAPITAL</b>	
33,50,00,000 Equity Shares of Rs.10/- each	33,500.00
2,00,00,000 Preference Shares of Rs.100/- each	20,000.00
	53,500.00
<b>TOTAL</b>	<b>53,500.00</b>
<b>ISSUED</b>	
21,15,99,957 Equity Shares of Rs.10/- each	21,160.00
<b>SUBSCRIBED</b>	
21,15,99,957 Equity Shares of Rs.10/- each	21,160.00
<b>PAID-UP SHARE CAPITAL</b>	
21,15,45,816 Equity Shares of Rs.10/- each	21,154.58
48,000/- Equity Shares of Rs. 10/- each, paid up Rs. 5/- each	2.40
	21,156.98
<b>TOTAL</b>	<b>21,156.98</b>
<b>NOTES:</b>	
Of the total Equity Shares, an aggregate of 7,92,79,236 Equity Shares have been allotted for consideration other than cash of which:	
a. 6,06,33,350 fully paid-up Equity Shares of our Company have been allotted to the shareholders of SIL, pursuant to a scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated November 25, 2005, in a ratio of 1 fully paid up Equity Share of our Company, for every 1 fully paid up equity share of the face value of Rs. 10/- each, of SIL; and	
b. 1,86,45,886 fully paid-up Equity Shares of our Company have been allotted to the shareholders of SOFL, pursuant to a scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated December 1, 2006, in a ratio of 3 fully paid up Equity Shares of our Company, for every 5 fully paid up equity shares of the face value of Rs. 10/- each, of SOFL	
(i) Pursuant to the issuance of 64,95,420 Equity Shares on a rights basis on April 21, 1995, 64,84,910 Equity Shares were allotted, and 10,510 Equity Shares were kept in abeyance and not allotted, on account of unavailability of certain information in connection with certain applicants of Equity Shares in the said rights issue. Subsequently, 2,369 Equity Shares and 2,000 Equity Shares of the aforementioned Equity Shares kept in abeyance, were allotted on November 11, 1995 and December 28, 1995, respectively. Currently, 6,141 Equity Shares are still kept in abeyance and pending allotment.	

Share Capital	Amount (Rs. in Lakhs)
(ii) 48,000 equity shares of Rs. 10/- each of SIL, on which Rs.5/- was paid up for each of the said shares, were forfeited on January 17, 1997, (“ <b>Forfeited Shares</b> ”). Pursuant to the scheme of amalgamation sanctioned by the Hon’ble High Court of Madras vide its order dated November 25, 2005, as detailed in para (a) above, the Forfeited Shares have become a part of the share capital of our Company, by operation of law.	

#### Changes in the authorised capital of our Company as on the date of the Prospectus:

Sr. No.	FY	Alteration
1.	1983	The Authorised share capital of our Company was increased from Rs 10,00,000 divided into 1,00,000 Equity Shares to Rs 50,00,000 divided into 5,00,000 Equity Shares.
2.	1986	The Authorised share capital of our Company was increased from Rs 50,00,000 divided into 5,00,000 Equity Shares to Rs 1,00,00,000 divided into 10,00,000 Equity Shares.
3.	1989	The Authorised share capital of our Company was increased from Rs 1,00,00,000 divided into 10,00,000 Equity Shares to Rs 2,00,00,000 divided into 20,00,000 Equity Shares.
4.	1991	The Authorised share capital of our Company was increased from Rs 2,00,00,000 divided into 20,00,000 Equity Shares to Rs 6,50,00,000 divided into 65,00,000 Equity Shares.
5.	1995	The Authorised share capital of our Company was increased from Rs 6,50,00,000 divided into 65,00,000 Equity Shares to Rs 40,00,00,000 divided into 3,00,00,000 Equity Shares and 10,00,000 preference shares of Rs 100 each.
6.	1997	The Authorised share capital of our Company was increased from Rs 40,00,00,000 divided into 300,00,000 Equity Shares and 10,00,000 preference shares of Rs 100 each to Rs 60,00,00,000 divided into 500,00,000 Equity Shares and 10,00,000 preference shares of Rs 100 each.
7.	1998	The Authorised share capital of our Company was increased from Rs 60,00,00,000 divided into 500,00,000 Equity Shares and 10,00,000 preference shares of Rs 100 each to Rs 65,00,00,000 divided into 500,00,000 Equity Shares and 15,00,000 preference shares of Rs 100 each
8.	2000	The Authorised share capital of our Company was increased from Rs 65,00,00,000 divided into 500,00,000 Equity Shares and 15,00,000 preference shares of Rs 100 each to Rs 90,00,00,000 divided into 500,00,000 Equity Shares and 40,00,000 preference shares of Rs 100 each
9.	2003	The Authorised share capital of our Company was increased from Rs 90,00,00,000 divided into 500,00,000 Equity Shares and 40,00,000 preference shares of Rs 100 each to Rs 1,15,00,00,000 divided into 7,50,00,000 Equity Shares each and 40,00,000 preference shares of Rs 100 each
10.	2004	The Authorised share capital of our Company was increased from Rs 1,15,00,00,000 divided into 7,50,00,000 Equity Shares and 40,00,000 preference shares of Rs 100 each to Rs 1,25,00,00,000 equity shares divided into 7,50,00,000 Equity Shares and 50,00,000 cumulative redeemable preference shares of Rs 100 each.
11.	2004	The Authorised share capital of our Company was reorganised from Rs 1,25,00,00,000 divided into 7,50,00,000 Equity Shares and 50,00,000 cumulative redeemable preference shares of Rs 100 each to 1,25,00,00,000 equity shares divided into 7,50,00,000 Equity Shares and 50,00,000 preference shares of Rs 100 each.
12.	2006	The Authorised share capital of our Company was increased from Rs 1,25,00,00,000 divided into shares of 7,50,00,000 Equity Shares and 50,00,000 preference shares of Rs 100 each to Rs 3,50,00,00,000 divided into 22,50,00,000 Equity Shares and 1,25,00,000 preference shares of Rs 100 each
13.	2006	The Authorised share capital of our Company was reorganised from Rs 3,50,00,00,000 divided into

Sr. No.	FY	Alteration
14.	2006	22,50,00,000 Equity Shares and 1,25,00,000 preference shares of Rs 100 each to Rs 4,80,00,00,000 divided into 30,00,00,000 Equity Shares and 1,80,00,000 preference shares of Rs 100 each* The Authorised share capital of our Company was reorganised from Rs 4,80,00,00,000 divided into 30,00,00,000 Equity Shares and 1,80,00,000 preference shares of Rs 100 each to Rs 5,35,00,00,000 divided into 33,50,00,000 Equity Shares and 2,00,00,000 preference shares of Rs 100 each**

**NOTES:**

\* The authorised capital of our Company was increased pursuant to a scheme of amalgamation of the erstwhile SIL, with our Company (“**SIL Scheme of Merger**”). The appointed date for the SIL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares was December 21, 2005, as approved by the Hon’ble High Court of Madras, vide its order dated November 25, 2005.

\*\* The authorised capital of our Company was increased, pursuant to a scheme of amalgamation of the erstwhile SOFL, with our Company (“**SOFL Scheme of Merger**”). The appointed date for the SOFL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares was February 9, 2007, as approved by the Hon’ble High Court of Madras, vide its order dated December 1, 2006.

**Equity Share Capital History of our Company**

Date of Allotment	Number of shares issued and allotted	Cumulative Paid-up capital in (Rs.)	Nature of Issue	Issue Price	Premium (Rs.)
December 30, 1979	50,000	5,00,000	Subscribers to the MOA and AOA	10/-	N.A
April 17, 1984	2,50,000	30,00,000	Public issue	10/-	N.A
April 26, 1986	4,50,000 (45,000 debentures of Rs.100/- each)	75,00,000	Rights issue	10/-	N.A
March 31, 1989	5,75,000	1,32,50,000	Rights issue	10/-	N.A
November 30, 1990	51,70,420 ( 3,45,000 debentures of Rs.150/- each)	6,49,54,200	Public cum Rights Issue	10/-	N.A
April 21, 1995	64,84,910	12,98,03,300	Rights issue	10/-	N.A
November 11, 1995	2,369	12,98,26,990	Issue out of shares kept in abeyance	10/-	N.A
December 28, 1995	2,000	12,98,46,990	Issue out of shares kept in abeyance	10/-	N.A



Date of Allotment	Number of shares issued and allotted	Cumulative Paid-up capital in (Rs.)	Nature of Issue	Issue Price	Premium (Rs.)
June 26, 1997	2,26,71,850 ( 45,34,370 debentures of Rs.50/- each )	35,65,65,490	Public cum Rights Issue	10 /-	N.A
November 28, 2002	62,43,000	41,89,95,490	Preferential Issue	12 /-	2/-
April 26, 2004	46,00,000	46,49,95,490	Preferential Issue	29.81/-	19.81/-
July 23, 2004	54,50,000	51,94,95,490	Preferential Issue	25.50/-	15.50/-
February 16, 2005	1,34,79,000	65,42,85,490	Preferential Issue	35/-	25/-
December 23, 2005	6,06,33,350	1,26,06,18,990	Merger of SIL with our Company	For consideration other than cash	N.A.
February 2, 2006	2,44,78,681	1,50,54,05,800	Preferential Issue	112/-	102/-
August 7, 2006	57,15,000	1,56,25,55,800	Conversion of warrants issued on February 16, 2005 on preferential basis	35/-	25/-
January 23, 2007	59,250	1,56,31,48,300	ESOP <sup>s</sup>	35/-	25/-
February 12, 2007	1,86,45,886	1,74,96,07,160	Merger of SOFL with our Company	For consideration other than cash	N.A.
March 27, 2007	79,300	1,75,04,00,160	ESOP <sup>s</sup>	35/-	25/-
March 30, 2007	91,00,000	1,84,14,00,160	Conversion of warrants issued on February 2, 2006 on preferential basis	112/-	102/-
March 30, 2007	18,700	1,84,15,87,160	ESOP <sup>s</sup>	35/-	25/-
April 27, 2007	16,000	1,84,17,47,160	ESOP <sup>s</sup>	35/-	25/-



Date of Allotment	Number of shares issued and allotted	Cumulative Paid-up capital in (Rs.)	Nature of Issue	Issue Price Premium (Rs.)
June 30, 2007	19,500	1,84,19,42,160	ESOP <sup>\$</sup>	35/- 25/-
July 31, 2007	69,00,000	1,91,09,42,160	Conversion of warrants issued on February 2, 2006 on preferential basis	112/- 102/-
August 10, 2007	7,000	1,91,10,12,160	ESOP <sup>\$</sup>	35/- 25/-
October 13, 2007	34,200	1,91,13,54,160	ESOP <sup>\$</sup>	35/- 25/-
December 14, 2007	1,20,00,000	2,03,13,54,160	Preferential Issue	300/- 290/-
June 25, 2008	87,100	2,03,22,25,160	ESOP <sup>\$</sup>	35/- 25/-
July 14, 2008	81,150	2,03,30,36,660	ESOP <sup>\$</sup>	35/- 25/-
July 24, 2008	94,850	2,03,39,85,160	ESOP <sup>\$</sup>	35/- 25/-
September 19, 2008	74,600	2,03,47,31,160	ESOP <sup>\$</sup>	35/- 25/-
October 27, 2008	29,300	2,03,50,24,160	ESOP <sup>\$</sup>	35/- 25/-
December 10, 2008	9,200	2,03,51,16,160	ESOP <sup>\$</sup>	35/- 25/-
May 16, 2009	34,200	2,03,54,58,160	ESOP <sup>\$</sup>	35/- 25/-
June 12, 2009	80,00,000	2,11,54,58,160	Conversion of warrants issued December 14, 2007 on preferential basis.	300/- 290/-
<b>Total</b>	<b>21,15,45,816</b>			

\$ Equity Shares allotted to the employees of our Company as fully paid up under the Company's Employees Stock Option Scheme 2005 on exercise of vested options.

**Notes:**

- 45,000 convertible debentures of face value of Rs.100/- each were issued on April 26, 1986. 15,000 of the convertible debentures were converted into 1,50,000 Equity Shares on October 26, 1986, another 15,000 of the convertible debentures were converted into 1,50,000 Equity Shares on October 26, 1987 and the remaining 15,000 of the convertible debentures were converted into 1,50,000 Equity Shares on October 26, 1988.
- 3,45,000 convertible debentures of face value of Rs.150/- each, were issued on November 30, 1990. Pursuant to the conversion of the debentures, 17,25,000 Equity Shares have been allotted on June 1, 1991, 17,25,000



Equity Shares have been allotted on March 1, 1992 and 17,20,420 Equity Shares have been allotted on December 1, 1992.

3. 45,34,370 convertible debentures of face value of Rs.50/- each were issued on June 26, 1997. Pursuant to the conversion of the debentures, 45,34,370 Equity Shares have been allotted on June 26, 1998, 90,68,740 Equity Shares have been allotted on June 26, 1999 and 90,68,740 Equity Shares have been allotted on June 26, 2000.
4. Pursuant to a scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated November 25, 2005, our Company issued and allotted 6,06,33,350 fully paid-up Equity Shares of our Company to the shareholders of SIL, whose names appeared in the register of members on record date in connection with the aforesaid scheme of amalgamation, in a ratio of 1 fully paid up Equity Shares of our Company, for every 1 fully paid up equity share of the face value of Rs. 10/- each, of SIL.
5. Pursuant to a scheme of amalgamation sanctioned by the Hon'ble High Court of Madras vide its order dated December 1, 2006, our Company issued and allotted 1,86,45,886 fully paid-up Equity Shares of our Company to the shareholders of SOFL, whose names appeared in the register of members on record date in connection with the aforesaid scheme of amalgamation, in a ratio of 3 fully paid up Equity Shares of our Company, for every 5 fully paid up equity share of the face value of Rs. 10/- each, of SOFL.
6. On May 16, 2009, our Company has issued 34,200 Equity Shares at a price of Rs. 35 per Equity Share pursuant to the exercise of stock options issued under our ESOP scheme. Our Company has made separate applications both dated June 30, 2009, to NSE, and BSE and an application dated June 29, 2009 in connection with obtaining an approval therefrom, for trading of the aforementioned Equity Shares. We have received approvals for the trading of the aforementioned Equity Shares from the NSE and the BSE vide their respective letters dated July 2, 2009. The approval from the MSE in connection with the trading of the aforementioned Equity Shares is still awaited.
7. On June 12, 2009, our Company issued 80,00,000 Equity Shares to our Promoter pursuant to the conversion of warrants issued on preferential basis to our Promoters on December 14, 2007, at a price of Rs. 300 per Equity Share. Our Company has made separate applications all dated July 2, 2009, to the MSE, the NSE and the BSE in connection with obtaining an approval therefrom, for listing of the aforementioned Equity Shares. The aforementioned listing approvals in connection with the trading of the aforementioned Equity Shares are still awaited.

**Share holding pattern of our Company as on July 10, 2009:**

Sr. No.	Name of the Shareholder	No. of Shares	Nominal Value (Rs.)	Total Paid-Up Capital (Rs.)	Percentage (%)
<b>A</b>	<b>Promoter and Promoter Group</b>				
(1)	<b>Indian</b>				
(a)	Individual/Hindu Undivided Family	-	-	-	
	Central Government/ State				
(b)	Governments	-	-	-	
(c)	Bodies Corporate	9,33,71,512	10.00	933,715,120.00	44.14
(d)	Financial Institutions / Banks	-	-	-	
(e)	Any other (Specify)				
	<b>Sub Total A(1)</b>	<b>9,33,71,512</b>	<b>10.00</b>	<b>933,715,120.00</b>	<b>44.14</b>
(2)	<b>Foreign</b>				
	Individual (Non resident Individuals /				
(a)	Foreign individuals)	-	-	-	
(b)	Bodies Corporate	-	-	-	



Sr. No.	Name of the Shareholder	No. of Shares	Nominal Value (Rs.)	Total Paid-Up Capital (Rs.)	Percentage (%)
(c)	Institutions	-	-	-	
(d)	Any other (Specify)	-	-	-	
	<b>Sub Total A(2)</b>	-	-	-	
	<b>Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2)</b>	<b>9,33,71,512</b>	<b>10.00</b>	<b>93,37,15,120.00</b>	<b>44.14</b>
<b>B</b>	<b>Public</b>				
(1)	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	1,08,19,656	10.00	10,81,96,560.00	5.11
(b)	Financial Institutions / Banks	2,02,270	10.00	20,22,700.00	0.10
(c)	Central Government/ State Governments	-	-	-	
(d)	Venture capital Funds	-	-	-	
(e)	Insurance Companies	-	-	-	
(f)	Foreign Institutional Investors	3,45,69,179	10.00	34,56,91,790.00	16.34
(g)	Foreign Venture Capital Investors	-	-	-	
(h)	Any other (Foreign Banks)	-	-	-	
	<b>Sub Total B(1)</b>	<b>4,55,91,105</b>	<b>10.00</b>	<b>45,59,11,050.00</b>	<b>21.55</b>
(2)	<b>Non-Institutions</b>				
(a)	Bodies Corporate	2,70,40,607	10.00	27,04,06,070.00	12.78
(b)	Individuals				
(i)	Individual Shareholders holding Nominal Share Capital upto Rs.1 Lakh	1,58,05,483	10.00	15,80,54,830.00	7.47
(ii)	Individual Shareholders holding Nominal Share Capital in excess of Rs.1 Lakh	37,84,648	10.00	3,78,46,480.00	1.79
(c)	Any other				
	NRI	2,50,047	10.00	25,00,470.00	0.12
	Overseas Corporate Bodies	50	10.00	500.00	0.00
	Clearing Members	98,341	10.00	9,83,410.00	0.05
	Trusts	1,000	10.00	10,000.00	0.00
	Corporate Body - Foreign Body	2,56,03,023	10.00	25,60,30,230.00	12.10
	<b>Sub Total B(2)</b>	<b>7,25,83,199</b>	<b>10.00</b>	<b>7258,31,990.00</b>	<b>34.31</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>11,81,74,304</b>	<b>10.00</b>	<b>1,18,17,43,040.00</b>	<b>55.86</b>



Sr. No.	Name of the Shareholder	No. of Shares	Nominal Value (Rs.)	Total Paid-Up Capital (Rs.)	Percentage (%)
	<b>TOTAL (A) + (B)</b>	<b>21,15,45,816</b>	<b>10.00</b>	<b>2,11,54,58,160.00</b>	<b>100.00</b>
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>21,15,45,816</b>	<b>10.00</b>	<b>2,11,54,58,160.00</b>	<b>100.00</b>

**List of top 10 holders of Equity Shares of our Company as on the date July 10, 2009:**

S. No.	Name of Shareholder	Address	Number of Equity Shares	Percentage Holding (%)
1	Shriram Holdings (Madras) Private limited	Mookambika Complex, 4 Lady Desika Road, Mylapore, Chennai-600004	9,33,71,512	44.14
2	UNO Investments	HDFC Bank Limited Custody Services Trade World, A Wing, Ground Floor, Kamla Mills Compound, S. B. Marg, Lower Parel (W), Mumbai-400013	2,16,03,023	10.21
3	ICICI Prudential Life Insurance Company Limited	Deutsche Bank A G DB House, Hazarimal Somani Marg, Next to Sterling Theatre Fort, P.O. Box 1142, Mumbai-400 001	1,01,52,112	4.80
4	Genesis Indian Investment Company Limited	C/o. Deutsche Bank A G Securities & Custody Services, DB House, Hazarimal Somani Marg, Fort, P.O. Box 1142, Mumbai-400 001	68,37,400	3.23
5	Reliance Capital Trustee Company Limited	A/C Reliance Growth Fund Deutsche Bank A G DB House, Hazarimal Somani	48,97,282	2.31



S. No.	Name of Shareholder	Address	Number of Equity Shares	Percentage Holding (%)
6	CS Holdings Private Limited	Marg Fort, P. O. BOX 1142, Mumbai - 400001. Old No.21, New No. 6, 4th Street, Postal Colony, West Mambalam, Chennai-600001	43,47,270	2.06
7	FID Funds (Mauritius) Limited	Citibank N.A. Custody Service, 77 Ramnord House, Dr. A. B. Road, Worli, Mumbai-400 018	36,25,000	1.71
8	MSA Securities Services Private Limited	Old No.21, New No. 6, 4th Street, Postal colony, West Mambalam, Chennai-600033	35,80,418	1.69
9	NMS Consultancy Private Limited	Flat No. 5 B S Flat, 3rd Street, Abhirampram, Chennai-600 018	33,66,577	1.59
10	BRLP Mauritius Holdings II	HSBC Securities Services, 2nd floor, SHIV, Plot No. 139- 140 B, Western Express Highway, Sahar Road Junction, Vile Parle, Mumbai-400 057	23,82,000	1.13

**List of top 10 holders of debt instruments, as on July 10, 2009.**

1. *List of top 10 Subdebt holders ( issued on private placement basis) face value Rs.1000/- as on July 10, 2009.*

S. No.	Name of holder	Address	Number of Subdebts	Aggregate Amount (Rs. in lakhs)
1.	Shriram General Insurance Company Limited	E- 8,Edip Rii, Cositapu, Rajaipur, Rajasthan	1,15,000	1150.00
2.	Shriram Asset Management Co Ltd	106 Shiv Chamber, Ssector-11, Cbd -Belapur, Navi Mumbai,Maharashtra	41,340	413.40
3.	Milind P Bhandarkar	Great Estern, Retreat 496-497-A, Model Colonyflat No 101, Pune,Maharashtra	10,100	101.00



S. No.	Name of holder	Address	Number of Subdebts	Aggregate Amount (Rs. in lakhs)
4.	Urmila Ulhas Ghosalkar	H .No 1777, Maruti Lane, Ratnagiri, Maharashtra	8,716	87.16
5.	S Krishnan	31 Khushali, Plot No 358, Central Avenue Road, Chembur, Mumbai, Maharashtra	8,595	85.95
6.	Shriram Life Insurance Co Ltd	Regd Office 3-6-478, Anand Estates, Iii Floor, Liberty Road, Himayath Nagar, Hyderabad, Andhra Pradesh	8,400	84.00
7.	T N Swaminathan	Flat 31 3rd Floorkhushali Plot No 358, Central Avenue Road, Chembur, Mumbai, Maharashtra	6,735	67.35
8.	Sudha Patel	Shanti Bihar Colony, Rajakhedi, Makronia, Sagar, Madhya Pradesh	5,963	59.63
9.	Leela Ramachandran	Flat F8, Iii Floorno.12, Postal Colony, Ii Street, West Mambalam, Chennai, Tamilnadu	5,850	58.50
10.	Shripad Khadilkar	A-103, Saiprasad Apartment, 5th Lane, Rajarampuri, Kolhapur, Maharashtra	5,720	57.20

2. *List of top 10 Debenture (issued on private placement basis) holders of face value Rs.1000/-as on July 10, 2009.*

S. No.	Name of holder	Address	Number of Debentures	Aggregate Amount (Rs. in lakhs)
1.	Shriram Life Insurance Company Limited	Regd Office 3-6-478, Anand Estates , Iii Rd Floor, Himayathnagar, Hyderabad, Andhra Pradesh	85,000	850.00
2.	T N Swaminathan	No 31 Khushali, Plot No 358, Central Avenue Rd, Chembur , Mumbai, Maharashtra	37,650	376.50
3.	Vanilla Holding & Investments Pvt Ltd	New No 8, Old No 25, Second Street , D P Nagar, Koturpuram, Chennai, Tamilnadu	35,000	350.00
4.	Indra Suri	C-485, Defence Colony, New Delhi	20,280	202.80
5.	Om Bhoo Vikas & Insurance Pvt. Ltd	Opp. New Bus Stand, Pachri Para Road, Durg, Chhattisgarh	12,452	124.52
6.	Sonya Suri	C-485, Defence Colony, New Delhi	12,210	122.10
7.	Satish Raghunath	Flat No 1405/1406, Tower 1, 14th Floor Athena, Raheja Acropolis, Deonar, Chembur,	12,000	120.00



S. No.	Name of holder	Address	Number of Debentures	Aggregate Amount (Rs. in lakhs)
8.	Shuneel Kumari Ram	Mumbai, Maharashtra N-29c, First Floor, Sfs Flat, Ssaket, New Delhi, Delhi	10,600	106.00
9.	Rama Raghunath	A-409 Indira Apartments, B S D Marg, Deonar, Mumbai, Maharashtra	10,600	106.00
10.	JRG Fincorp Limited	J R G House, Ashoka Road, Kaloor, Ernakulam, Kerala	10,000	100.00

3. *List of top 10 holders of deposits as on July 10, 2009.*

S. No.	Name of holder	Address	Aggregate Amount (Rs. in lakhs)
1.	Rajesh Desai	"Surya" Plot No 7, Karthik Enclave (Near Diamond Point), Sikh Village, Secunderabad, Andhra Pradesh	50.00
2.	M B Parikh Finstocks Ltd	9/10, Heena Shopping Arcade, 2nd Floor, S V Road Jogeshwari (W) Mumbai Maharashtra	25.00
3.	P Varadarajan	Villa 1800, Adarsh Vista Vibuthipuraph, Bangalore, Karnataka	20.00
4.	Shasun Finance Limited	Regd Office : "Shasun House"#3, Duraismamy Road, T Nagar, Chennai, Tamil Nadu	20.00
5.	Akansha Consultancy Services Ltd	211/212, Heena Arcades V Road, Jogeshwari (W), Mumbai, Maharashtra	15.00
6.	Ashley Menezes	C-252 Defence Colony, Ground Floor, New Delhi	15.00
7.	Bhakti Kirit Shah	A-10 'Kumkum Apts', V Road, Vile Parle (W), Mumbai, Maharashtra	15.00
8.	Sushila Rani	House No 416, Sector 16-A, Faridabad, Haryana	15.00



S. No.	Name of holder	Address	Aggregate Amount (Rs. in lakhs)
9.	Yezi Homi Tata	7, Park Avenue, Maharani Bagh, New Delhi	15.00
10.	Rajeev Garg	H-701,Rail Vihar, Sector 4, Kharghar, Navi Mumbai, Maharashtra	13.64

4. *Top ten holders of A-Series non convertible debentures (Rs. 1,045 Crore) of face value Rs. 10 Lakhs per debenture.*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1.	UTI-Liquid Cash Plan	UTI AMC Private Limited, UTI Tower GN Block M Bandra Kurla Complex, Bandra (East), Mumbai – 400051	1,450	14,500.00
2.	ICICI Prudential Flexible Income Plan	HDFC Bank Limited Custody Services, Trade World A-Wing ,Ground Floorkamla Mills Compound, S B Marg, Lower Parel, Mumbai400013	1,255	12,550.00
3.	Axis Bank Limited	11 <sup>th</sup> Floormaker Tower F, Cuffe Parade, Colaba, Mumbai – 400005	700	7,000.00
4.	JP Morgan India Treasury Fund	DB House, Hazarimal Somani Marg, Fort, Post Box – 1142, Mumbai-400001	500	5,000.00
5.	UTI - Retirement Benefit Pension Fund	UTI Mutual Fund, UTI Asset Management Co. Private Limited, Dept Of Fund Accounts, UTI Tower, GN Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051	490	4,900.00
6.	UTI-Unit Linked Insurance Plan	UTI AMC Private Limited, UTI Tower, GN Block Bandra Kurla Complex, Bandra (East) Mumbai- 400051	450	4,500.00
7.	Reliance Capital Trustee Co Limited A/C-Reliance Money Manager Fund	DB House , Hazarimal Somani Marg, Fort, Post Box – 1142, Mumbai- 400001	400	4,000.00
8.	Standard Chartered Bank (Mauritius) Limited -Debt	Standard Chartered Bank (Mauritius) Securities Services, 23-25 M.G. Road, Fort, Mumbai- 400001	400	4,000.00
9.	UTI-Unit Scheme For Charitable And Religious Trusts And Registered Societies	UTI AMC Private Limited, UTI Tower, GN Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051	310	3,100.00
10.	Templeton India Short- Term Income Plan	Citibank N.A., Custody Services77, Ramnord House. Dr. A.B.Road,Worli, Mumbai-400018	290	2,900.00



5. *B-Series non convertible debentures (Rs. 1,675 Crore) of face value Rs. 10 Lakhs per Debenture*

<b>S. No.</b>	<b>Name of holder</b>	<b>Address</b>	<b>Number of instruments</b>	<b>Aggregate Amount (Rs. in lakhs)</b>
1	Standard Chartered Bank (Mauritius) Limited -Debt	Standard Chartered Bank (Mauritius) Securities Services, 23-25 M.G. Road, Fort, Mumbai – 400001	4,400	44,000.00
2	Reliance Capital Trustee Co Limited -Reliance Fixed Horizon Fund -IX	DB House, Hazarimal Somani Marg, Fort, Post Box-1142, Mumbai – 400001	1,625	16,250.00
3	Fortis Money Plus Fund	DB House, Hazarimal Somani Marg, Fort, Post Box-1142, Mumbai - 400001	1,250	12,500.00
4	Franklin Templeton Mutual Fund A/C Templeton Floating Rate Income Fund Long Term Plan'	Citibank N.A Custody Services, 77 Ramnord House, Dr A B Road , Worli, Mumbai - 400018	835	8,350.00
5	Axis Bank Limited	11 <sup>th</sup> Floor, Maker Tower F ,Cuffe Parade, Colaba, Mumbai - 400005	800	8,000.00
6	ICICI Prudential Fixed Maturity Plan –Series 45 - Three Years Plan	HSBC Securities Services, 2 <sup>nd</sup> Floor "Shiv", Plot no 139-140 B Western Exp. Highway, Sahar Road Junct., Vile Parle-E, Mumbai - 400057	800	8,000.00
7	Morgan Stanley India Capital Private Limited	HSBC Securities Services 2nd Floor "Shiv", Plot No.139-140 B, Western Exp Highway, Sahar Rd Junct. Vile Parle-E, Mumbai-400057	750	7,500.00
8	Sundaram BNP Pariba Mutual Fund A/c Sundaram BNP Paraiba Fixed Term Plan 367 days Series-4	C/o Standard Chartered Bank Securities Services, 23/25 M.G. Road, Fort, Mumbai-400001	750	7,500
9	Templeton India Short Term Income Plan	Citibank N.A., Custody Services, 77, Ramnord House, Dr. A.B.Road, Worli, Mumbai - 400018	516	5,160.00
10	Citicorp Capital Markets Limited	Citibank N.A, Custody Services, 77, Ramnord House, Dr A.B.Road, Worli, Mumbai - 400018	500	5,000.00
11	ICICI Prudential Real Estate Securities Fund	HSBC Securities Services, 2nd Floor "Shiv", Plot No 139-140 B Western Exp. Highway, Sahar Rd Junctvile Parle-E, Mumbai - 400057	500	5,000.00
12	Templeton India Ultra-Short Bond Fund	Citibank N. A. Custody Services, 77, Ramnord House, Dr A B Road, Worli, Mumbai-400018	500	5,000.00



6. *C-Series non convertible debentures (Rs. 422 Crore) of face value Rs. 10 Lakhs per debenture*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1	Life Insurance Corporation of India	Investment Department,6th Floor, West Wing, Central Office,Yogakshema, Jeevan Bima Marg, Mumbai - 400021	3,000	30,000.00
2	ICICI Securities Primary Dealership Limited	ICICI Centre, H T Parekh Marg, Churchgate Mumbai-400020	500	5,000.00
3	United Bank of India	The Deputy General Manager, UBI Investment Fund Management Dept, Head Office, 4th Floor, 16 Old Court House Street, Kolkata - 700001	500	5,000.00
4	General Insurance Corporation of India	Suraksha.1 7 0, J. Tata Road, Churchgate, Mumbai - 400020	100	1,000.00
5	Sundaram BNP Paribas Mutual Fund A/C Sundarambnp Paribas FTP -18 Months Series L	C/O Standard Chartered Bank Securities Services 23-25 M.G.Road, Fort, Mumbai - 400001	70	700.00
6	Sundaram BNP Paribas Mutual Fund A/C Sundarambnp Paribas Ultra Short Term Fund	C/O Standard Chartered Bank Securities Services 23-25 M.G.Road, Fort, Mumbai – 400001	30	300.00
7	ICICI Prudential Fixed Maturity Plan –Series 45 - Twenty Months Plan	HSBC Securities Services, 2nd Floor "Shiv", Plot No 139-140 B Western Exp. Highway, Sahar Rd Junctvile Parle-E, Mumbai-400057	19	190.00
8	ICICI Prudential Short Term Plan	HDFC Bank Limited Custody Services , Trade World A- Wing ,Ground Floor, Kamla Mills Compound, S B Marg, Lower Parel, Mumbai - 400013	1	10.00

7. *Subordinate Debts, D-Series non convertible debentures (Rs. 205.51 Crore) of face value Rs. 1 Lakh per debenture*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1	UCO Bank	Treasury Branch, UCO Bank Building, Mezzanine Floor,359 Dr D N Road. Fort Mumbai-400001	5,000	5,000.00
2	Bank Of Maharashtra	Treasury And International Banking, 2 Nd Floor, 23 Maker Chamber III, ,Nariman Point, Mumbai-400021	2,000	2,000.00



S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
3	Bank Of Baroda	Specialized. Integrated, Treasury Branch, Kalpataru Heritage Building, 6Th Floor. Nanik Motwane Marg, Mumbai-400023	2,000	2,000.00
4	Bank Of India	Treasury Branch, Head Office, Star House, 7Th Floor, C-5, G'Block, Bandra Kurla Complex, Bandra (East), Mumbai.-400051	2,000	2,000.00
5	Chhattisgarh State Electricity Board (CSEB) Provident Fund Trust	Shed No 1, Dangania, Raipur-492013	2,000	2,000.00
6	A. K. Capital Services Limited	Flat No N, Sagar Apartment, 6, Tilak Marg, New Delhi-110001	1,898	1,898.00
7	Chhattisgarh State Electricity Board Gratuity and Pension Fund Trust	O/F Ed Finance Shed No 7, Cseb Dangania, Raipur, Chhattisgarh-490001	1,500	1,500.00
8	Delhi Development Authority	Vikas Sadan Ina, New Delhi, New Delhi-110023	1,000	1,000.00
9	The Indian Iron And Steel Co Limited Provident Institution	Burnpur Works, Burnpur,-713325	1,000	1,000.00
10	Air- India Employees Provident Fund	Air India Employees Provident, Fund Account Old Air Port, Santacruz, Mumbai-400029	500	500.00
11	Central Bank Of India	Central Bank Of India, Treasury Department, Chandramukhi Building, Nariman Point, Mumbai-400021	500	500

8. *Subordinate Debts, D-Series non convertible debentures (Rs. 50 Crore) of face value Rs. 10 Lakhs per debenture*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1	HVPSNL Employees Pension Fund Trust	Shakti Bhawan, Sector 6, Panchkula-134109	225	2,250.00
2	Food Corporation Of India CPF Trust	Khadya Sadan, 13th Floor, 16 20 Barakhamba Lane, New Delhi-110001	100	1,000.00
3	HVPSNL Employees Provident Fund Trust	Shakti Bhawan, Sector 6, Panchkula (Haryana)134109	75	750.00
4	Gas Authority Of India Limited Employees Provident Fund Trust	Gas Authority Of India Limited, 16 Bhikaiji Cama Place, New Delhi-110066	30	300.00
5	The Jammu And Kashmir Bank Employees Provident Fund Trust	Jammu And Kashmir Bank, Corporate Office, M.A. Road, Srinagar-190001	20	200.00



S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
6	Gail Employees Superannuation Benefit Fund	Gas Authority India Limited, 16 Bhikaiji Cama Place, New Delhi-110066	10	100.00
7	Gujarat Alkalies and Chemicals Limited Employees Provident Fund Trust	GACL, PO Petrochemicals, Dist. Vadodara-391346	10	100.00
8	GAIL (India) Limited Employees Death-Cum-Superannuation Gratuity Scheme	GAIL Bhawan 16, Bhikaiji Cama Palace, R.K. Puram, New Delhi-110066	5	50.00
9	Asbestos Cement Limited Staff Provident Fund	Genesis, A-32 Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	4	40.00
10	Provident Fund Of Mangalore Refinery and Petrochemicals Limited	Maker Tower, F 16th, Floor, Cuffe Parade, Mumbai-400005	4	40.00

9. *Subordinate Debts, S-Series non convertible debentures (Rs. 150 Crore) of face value Rs. 10 Lakhs per debenture*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1	LIC MF Liquid Fund	Jeevan Bima Sahayog Asset Management Industrial Assurance Building, 4th Floor, Opp Churchgate Station, Mumbai-400020	670	6,700.00
2	Bank of India	Treasury Branch, Head Office, Star House, 7th Floor, C-5,'G' Block, Bandra Kurla Complex Bandra (East) Mumbai-400051	300	3,000.00
3	UTI -Monthly Income Scheme	UTI Mutual Fund, UTI Asset Management Co. Private Limited, UTI Tower, 'GN' Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051	150	1,500.00
4	Oriental Bank of Commerce	Treasury Department, A 30 33 A Block 1st Floor Connaught Place, New Delhi-110001	100	1,000.00
5	UCO Bank	Treasury Branch, UCO Bank Building, Mezzanine Floor, 359 Dr. D.N. Road Fort, Mumbai-400001	100	1,000.00
6	UTI-Unit Linked Insurance Plan	UTI AMC Private Limited, UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051	100	1,000.00
7	LIC MF Income Plus Fund	LIC Mutual Fund, Asset Management Co. Limited, Industrial Assurance Building, 4th Floor, Opp. Churchgate Station, Mumbai-	80	800.00



S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
		400020		

10. *Commercial Paper (Rs. 200 Crore) of face value Rs. 5 Lakhs per instrument*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1	LIC MF Liquid Fund	Jeevan Bima Sahayog Asset Management, Industrial Assurance Building, 4th Floor, Opp Churchgate Station, Mumbai-400020	4,000	20,000.00

11. *Top ten holders of O-Series non convertible debentures (Rs. 150 Crore) of face value Rs. 10 Lakhs per debenture.*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1.	Life Insurance Corporation of India	Life Insurance Corporation of India, Investment Department, 6 <sup>th</sup> Floor, West Wing, Central Office, Yogakshema, Jeevan Beema Marg, Mumbai-400002	1,500	15,000.00

12. *Top ten holders of short-term unsecured redeemable non convertible debentures (Rs. 125 Crore) of face value Rs. 10 Lakhs per debenture.*

S. No.	Name of holder	Address	Number of instruments	Aggregate Amount (Rs. in lakhs)
1.	Baroda Pioneer Liquid Fund	Citibank N.A. Custody Services, 77 Ramnord House, Dr. Annie Beasant Road, Worli, Mumbai -400018	500	5,000.00
2.	Baroda Pioneer Treasury Advantage Fund	Citibank N.A. Custody Services, 77 Ramnord House, Dr. Annie Beasant Road, Worli, Mumbai -400018	500	5,000.00
3.	Religare Trustee Company Private Limited A/c Religare Short Term Plan- 25 Crore	D.B. House, Hazarilal Somani Marg, Fort, Post Box 1142, Mumbai-400001	250	2,500.00

*Debt - equity ratio:*



The debt-equity ratio prior to this Issue is based on a total outstanding debt of Rs. 20,12,131.16 lakhs and shareholder funds amounting to Rs. 2,31,663.60 lakhs as on March 31, 2009. The debt equity ratio post the Issue (assuming subscription of NCDs aggregating to Rs.1,00,000 lakhs) would be 9.12 times, based on a total outstanding debt of Rs. 21,12,131.16 lakhs and shareholders fund of Rs. 2,31,663.60 lakhs as on March 31, 2009.

Particulars	Rs in Lakhs	
	Prior to the Issue	Post the Issue*
Secured loans as on March 31, 2009	16,77,459.31	17,77,459.31
Unsecured loans as on March 31, 2009	3,34,671.85	3,34,671.85
<b>Total Debt</b>	<b>20,12,131.16</b>	<b>21,12,131.16</b>
Share capital as on March 31, 2009	20,353.56	20,353.56
Stock Option outstanding as on March 31, 2009	2,138.90	2,138.90
Optionally Convertible Warrants as on March 31, 2009	2,400.00	2,400.00
Share Application Money pending allotments as on March 31, 2009	13.80	13.80
Reserves as on March 31, 2009	2,06,757.34	2,06,757.34
Less: Misc. expenditure (to the extent not written off or adjusted) as on March 31, 2009	-	-
Total Shareholders Fund	2,31,663.60	2,31,663.60
<b>Debt Equity Ratio (Number of times)</b>	<b>8.69</b>	<b>9.12</b>

\* The debt-equity ratio post the Issue is indicative and is on account of assumed inflow of Rs. 1,000 crore from the Issue, in the secured debt category, as on March 31, 2009. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

For details on the total outstanding debt of our Company, please refer to page 229 of this Prospectus.



## OBJECTS OF THE ISSUE

The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities including lending and investments, subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupee) Regulations, 2000, and other applicable statutory and/or regulatory requirements, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements.

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

Further, in accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management as our Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

### Interim Use of Proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

### Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from FY 2010, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

### Utilization of proceeds from the NCDs allotted to NRIs, if any

We propose to issue NCDs not exceeding an aggregate of Rs. 10,000 lakhs to NRIs on a non-repatriable basis.

Under the provisions of the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, any monies borrowed from a person resident outside India cannot be used:

- (a) for any purpose except in one's own business other than (i) the business of chit fund, (ii) as Nidhi Company, (iii) agricultural or plantation activities or real estate business; or construction of farm houses; or (iv) trading in Transferable Development Rights (TDRs); or
- (b) for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending.

We propose to offer NCDs for subscription, pursuant to the Issue, to NRIs only on a non-repatriable basis. So as to ensure compliance with the aforementioned, our Company shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs, ("**NRI Escrow Account**"). All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each



Escrow Collection Bank. Upon creation of security as disclosed in this Prospectus, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Accounts to a separate bank account, which shall be different from the Public Issue Account, (“**NRI Account**”). Our Company shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with and subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupee) Regulations, 2000, and other applicable statutory and/or regulatory requirements.



## STATEMENT OF TAX BENEFITS

Re.: The Offer Document being issued by Shriram Transport Finance Company Limited for its proposed public offer of secured non-convertible debentures ('NCDs'), having a face value and an issue price of Rs.1000/- each.

We hereby confirm that the enclosed annexure, prepared by Shriram Transport Finance Company Limited ("the **Company**"), states the possible tax benefits available to the Debenture holders and the Company under the tax laws presently in force in India. Several of these benefits are dependent on fulfilling of the conditions prescribed under the relevant provisions of the relevant tax laws. As such, the ability of the Debenture holders and the Company to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the tax laws in force in India.

We do not express any opinion or provide any assurance as to whether;

- 1) the Company or its debenture holders will continue to obtain these benefits in future; or
- 2) the conditions prescribed for availing the benefits, where applicable have been/would be met.

For G. D. Apte & Co.  
Chartered Accountants

U. S. Abhyankar  
Partner  
Membership No.: 113053  
Mumbai, July 2, 2009



## Annexure referred to in Statement of Tax Benefits of even date

### SPECIAL TAX BENEFITS

There are no special tax benefits available to the Company and its debenture holders.

### GENERAL TAX BENEFITS

Under the current tax laws, the following tax benefits interalia, will be available to the Debenture Holders as mentioned below. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Debenture Holder is advised to consider in his own case the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

#### To our Debenture Holder

#### A. INCOME-TAX

##### I TO THE RESIDENT DEBENTURE HOLDER

1. Interest on NCD received by Debenture Holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act. No income tax is deductible at source as per the provisions of section 193 of the IT Act on interest on debentures in respect of the following:
  - (a) In case the payment of interest on debentures to resident individual Debenture Holder in the aggregate during the financial year does not exceed Rs.2,500;
  - (b) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debentureholder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that certificate is filed with the Company.
  - (c) When the resident Debenture Holder (not being a company or a firm or a senior citizen) submits a declaration in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be nil as per the provisions of section 197A (1A) of the IT Act. Under section 197A (1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from deduction from tax at source if the aggregate of income of the nature referred to in the said section, viz. dividend, interest, etc as prescribed therein, credited or paid or likely to be credited or paid during the Previous year in which such income is to be included exceeds the maximum amount which is not chargeable to tax, as may be prescribed in each year's Finance Act. To illustrate, as on 01.04.2009<sup>1</sup>, the maximum amount of income not chargeable to tax in case of individuals (other than women assesseees and senior citizens) and HUFs is Rs.150,000, in case of women assesseees is Rs.180,000 and senior citizens is Rs. 225,000 for Previous Year 2008-09. Senior citizens, who are 65 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A (1C) of the IT Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax i.e. Rs. 225,000 for FY 2008-09 provided that the tax due on total income of the person is NIL. In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act; Form No.15G/15H/Certificate

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<sup>1</sup> Subject to changes if any, that may be introduced by Budget after the date of this document



issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest.

- (d) On any securities issued by a company in a dematerialized form and is listed on recognized stock exchange in India. (w.e.f. 1.06.2008).
2. Under section 2 (29A) of the IT Act, read with section 2 (42A) of the IT Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. Under section 112 of the IT Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 10% of capital gains calculated without indexation of the cost of acquisition. The capital gains will be computed by deducting cost of acquisition of the debenture and expenditure incurred in connection with such transfer from the sale consideration.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax as prescribed by the Finance Act of the relevant year (i.e. as on 01.04.2009<sup>2</sup>, such amount is Rs. 150,000 in case of all individuals, other than Women and Senior Citizens to Rs. 180,000 in case of women and to Rs.225,000 in case of senior citizens), the long term capital gains shall be reduced to the extent of the difference between the maximum amount chargeable to tax and the total income and only the balance long term capital gains will be subject to the flat rate of taxation in accordance with and the proviso to sub-section (1) of section 112 of the IT Act read with CBDT Circular 721 dated September 13, 1995.

In addition to the aforesaid tax, in the case of an individual, HUF, association of persons or artificial juridical person, where the total income exceeds Rs. 1,000,000; and in the case of firms and domestic companies where the income exceeds Rs. 10,000,000, a surcharge of 10% of such tax liability is also payable. A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is payable by all categories of taxpayers.

3. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the IT Act. The provisions related to maximum amount not chargeable to tax, surcharge and education cess described at para 2 above would also apply to such short-term capital gains.
4. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the IT Act.

## **II TO THE NON RESIDENT INDIANS**

1. A non resident Indian has an option to be governed by Chapter XII-A of the IT Act, subject to the provisions contained therein which are given in brief as under:
- a) Under section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20% (plus applicable surcharge, education cess and secondary & higher education cess), whereas, long term capital gains on transfer of such Debentures will be taxable at 10% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
- b) Under section 115F of the IT Act, subject to the conditions and to the extent specified therein, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any

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<sup>2</sup> Subject to changes if any, that may be introduced by Budget after the date of this document

saving certificates referred to in clause (4B) of section 10 of the IT Act in accordance with and subject to the provisions contained therein.

- c) Under section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the IT Act, if his total income consists only of investment income and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act in accordance with and subject to the provisions contained therein.
  - d) Under section 115H of the IT Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.
2. In accordance with and subject to the provisions of section 115I of the IT Act, Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the IT Act. In that case, please refer to para A (2, 3 and 4) for the tax implications arising on transfer of debentures.

3. Under Section 195 of the IT Act, the company is required to deduct tax at source at the rate of 20% on investment income and at the rate of 10% on any long-term capital gains as prescribed in section 115E; at the normal rates for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.z

The provisions related to surcharge and education cess described at para 2 above would also apply to such Income / gains.

4. As per section 90(2) of the IT Act read with the circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee.
5. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) or 195(3) of the IT Act, from the Assessing Officer.

### **III TO THE FOREIGN INSTITUTIONAL INVESTORS (FIIS) :**

In accordance with and subject to the provisions of section 115AD of the IT Act on transfer of debentures by FIIs, long term capital gains are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The cost indexation benefit will not be available.

Further, benefit of provisions of the first proviso of section 48 of the IT Act will not apply. Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions contained therein. In addition to the aforesaid tax, in the case of non corporate FIIs where the income exceeds Rs. 1,000,000, a surcharge of 10% and in case of foreign corporate FIIs where the income exceeds Rs. 10,000,000, a surcharge of 2.5% of such tax liability is also payable. A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is payable by all categories of taxpayers.

In accordance with and subject to the provisions of section 196D (2) of the IT Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs. The provisions at para II (4 and 5) above would also apply to FIIs.



#### **IV. TO THE OTHER ELIGIBLE INSTITUTIONS**

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India **are** exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the IT Act subject to and in accordance with the provisions contained therein.

#### **B. WEALTH TAX**

Wealth-tax is not levied on investment in debentures under section 2(ea) of the Wealth-tax Act, 1957.

#### **C. GIFT TAX**

Gift-tax is not levied on gift of debentures in the hands of the donor as well as the donee because the provisions of the Gift-tax Act, 1958 have ceased to apply in respect of gifts made on or after October 1, 1998.

## SECTION IV : ABOUT THE ISSUER COMPANY AND THE INDUSTRY

### INDUSTRY

*The information in this section has been extracted from publicly available documents and other sources and, as such, has not been prepared or independently verified by us or any of our advisors.*

#### INDIAN ECONOMY

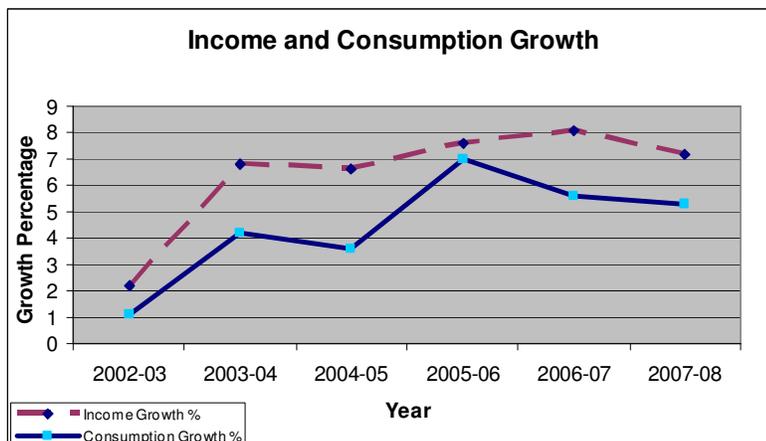
The global economy, after a sustained period of expansion, is now entering into a phase of downturn on account of the global financial crisis. During the period from June 2007, concerns over losses on US sub-prime mortgage loans escalated into widespread financial stress, raising fears about the stability of banks and other financial institutions. Global credit markets experienced a large scale sell-off during the period, as broad-based de-leveraging was combined with uncertainty about the size and valuation of credit exposures. (Source: RBI website: “Report on Trend and Progress of Banking in India, 2007-08”)

The Indian economy continued to record strong growth during 2007-08, *albeit* with some moderation. Real gross domestic product (GDP) growth rate at 9.0 per cent during 2007-08 moderated from 9.6 per cent during 2006-07, reflecting some slow down in industry and services. A positive feature during the year was a recovery in the growth of real GDP originating in the agricultural sector, after the slowdown experienced in the previous year. Despite this moderation, the overall growth rate of the Indian economy during 2007-08 was noteworthy in the global context. (Source: RBI website: “Report on Trend and Progress of Banking in India, 2007-08”)

Sustained growth and resilience in the year of a global slowdown characterized the developments of the Indian economy in 2007-08. The economy has also been largely successful in containing domestic inflationary pressures despite global hardening of commodity prices and an upsurge in capital inflows, which had made liquidity management difficult. The overall macroeconomic fundamentals continue to inspire confidence and optimism. Buoyant growth of government revenues made it possible to strengthen fiscal consolidation as mandated under the Fiscal Responsibility and Budget Management Act (FRBMA). There was acceleration in domestic savings and investment rates to provide the resources for meeting the 9 per cent (average) growth target for the Eleventh Five-Year Plan. (Source Macro-economic framework 2008-09 available at <http://indiabudget.nic.in/ub2008-09/frbm/frbm1.pdf>)

Per capita private final consumption expenditure (PFCE) has increased in line with per capita income. The growth of per capita consumption accelerated from an average of 2.2 per cent per year during the 12 years from 1980-81 to 1991-92 to 2.6 per cent per year during the next 11 years following the reforms of the 1990s. The growth rate has almost doubled to 5.1 per cent per year during the subsequent five years from 2003-04 to 2007-08, with the 2008-09 growth expected to be 5.3 per cent, marginally higher than the five-year average.

#### Per Capita income and consumption (at 1999-2000 prices)



	<b>Income</b>		<b>Consumption</b>	
	<b>Rs.</b>	<b>Growth (%)</b>	<b>Rs.</b>	<b>Growth (%)</b>
IX Plan avg.	19,245	3.4	12,392	3.0
X Plan avg.	24,156	6.2	14,677	4.3

Income is taken as GDP at market prices.

Consumption is PFCE.

Per capita is obtained by dividing these by population.

(Source: Economic Survey 2007-08)

### **BUSINESS FINANCE IN INDIA** (Source: [www.business.gov.in](http://www.business.gov.in))

Business finance refers to the funds and monetary support required by an entrepreneur for carrying out the various activities relating to his/ her business organisation. It is needed at every stage of a business life cycle. Though the amount of the capital needed by an enterprise depends upon the nature and size of the business, but its timely and adequate supply is indispensable for any form of industrial set up (whether small, medium or large). Recognising this fact, the Government of India has evolved a well developed financial system in the country.

It operates through a network of financial markets and institutions, which are broadly categorised into money market and capital market. The former market deals in short-term funds, while the latter deals in long-term funds. For regulating the operations of money market, the Reserve Bank of India (RBI) is the supreme authority and the Securities and Exchange Board of India (SEBI) supervises the functioning of the capital market.

A growing economy needs investment to sustain its growth process. Such investments can be quickly and efficiently undertaken if investors have access to a well-developed financial market. Historically, banks have played the role of intermediaries matching savers with investors. However, the modern world of business requires a much more sophisticated level of intermediation. It is no longer sufficient to have an efficient means of allocating savers' funds to investors; one also needs financial markets to allocate risk and to re-allocate capital from inefficient to more efficient projects. Given the institutional nature of banks, it is not possible for them to provide all these functions of a modern financial market. The financial market has various intermediaries such as banks, insurance companies, pension funds, mutual funds, venture capital funds, and the stock and commodity exchanges. Together, they perform the various types of intermediation necessary in the global financial world. Since 1991, India has become one of the developed financial markets among the emerging economies; however it is still a long way to go. (Source: Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at – <http://indiabudget.nic.in/es2007-08/chapt2008/chap51.pdf>)

The major constituents of the Indian financial system are:

#### **1) Banks**

As per the Reserve Bank of India Act, 1934, banks in India are classified into scheduled and non-scheduled banks. Scheduled banks are those which are entered into the second schedule of the RBI Act, 1934. It includes those banks which have a paid-up capital and reserves of an aggregate value of not less than Rs.5 lakhs and which satisfy RBI that their affairs are being carried out in the interests of the depositors. While, non-scheduled banks are those which have not been included in the second schedule of the Act, the scheduled banks comprise scheduled commercial banks and scheduled cooperative banks. Further, the scheduled commercial banks in India are categorised into five different groups according to their ownership and/or nature of operation:- (i) Nationalised Banks; (ii) State Bank of India and its associates; (iii) Regional Rural Banks (RRBs); (iv) Foreign banks; and (v) Other Indian private sector banks. Scheduled co-operative banks consist of scheduled state co-operative banks and scheduled urban co-operative banks.



## 2) Financial institutions:

The financial institutions act as a conduit for the transfer of resources from net savers to net borrowers, that is, from those who spend less than their earnings to those who spend more than their earnings. The financial institutions have traditionally been the major source of long-term funds for the economy. These institutions provide a variety of financial products and services to fulfil the varied needs of the commercial sector. Besides, they provide assistance to new enterprises, small and medium firms as well as to the industries established in backward areas. Thus, they have helped in reducing regional disparities by inducing widespread industrial development. These financial institutions can be broadly categorised into All India institutions and State level institutions, depending upon the geographical coverage of their operations.

## 3) Venture capital companies:

Venture Capital is an important source of finance for those small and medium-sized firms, which have very few avenues for raising funds. Although such a business firm may possess huge potential for earning large profits in the future and establishing itself into a larger enterprise, but the common investors are generally unwilling to invest their funds in such firms due to risk involved in these type of investments. In order to provide financial support to such entrepreneurial talent and business skills, the concept of venture capital emerged. Venture capital is a commitment of capital, or shareholdings, for the formation and setting up of small scale enterprises at the early stages of their life cycle.

## 4) Capital markets:

Capital market is the market available to the companies for meeting their requirements of long-term funds. It refers to all the facilities and institutional arrangements for borrowing and lending funds. In other words, it is concerned with the raising of capital for purposes of making long-term investments. The market consists of a number of individuals and institutions (including the Government) that canalise the supply and demand for long-term capital and claims on it. The demand for long term capital comes predominantly from private sector manufacturing industries, agriculture sector, trade and the Government agencies. Whereas, the supply of funds for the capital market comes largely from individual and corporate savings, banks, insurance companies, specialised financing agencies and the surplus of Governments. The Indian capital market is broadly divided into the gilt-edged market and the industrial securities market.

## 5) Non-banking financial companies

Non-banking financial companies (NBFCs) are fast emerging as an important segment of Indian financial system. It is an heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, such as accepting deposits, making loans and advances, leasing, hire purchase, etc. They raise funds from the public, directly or indirectly, and lend them to ultimate spenders. They advance loans to various wholesale and retail traders, small-scale industries and self-employed persons. Thus, they have broadened and diversified the range of products and services offered by the financial sector.

Gradually, they are being recognised as complementary to the banking sector due to their customer-oriented services, simplified procedures, attractive rates of return on deposits, flexibility and timeliness in meeting the credit needs of specified sectors, etc.

### The types of NBFCs registered with the RBI are:-

- Equipment leasing company: Any financial institution whose principal business is that of leasing equipments or financing of such an activity.
- Hire-purchase company: Any financial intermediary whose principal business relates to hire purchase transactions or financing of such transactions.



- Loan company: Any financial institution whose principal business is that of providing finance, whether by making loans or advances or otherwise for any activity other than its own (excluding any equipment leasing or hire-purchase finance activity).
- Investment company: Any financial intermediary whose principal business is that of buying and selling of securities

#### **NBFCs have been further reclassified into three categories:-**

- Asset Finance Company (AFC): Any company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive / economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Under this classification, 'AFC' is defined as a financial institution whose principal business is that of financing the physical assets which support various productive/economic activities in the country.
- Investment Company (IC) and
- Loan Company (LC).

**COMMERCIAL VEHICLE FINANCE INDUSTRY** (Source: Report of Crisil Research –“Retail Finance – Auto – Annual Review” October- November 2008)

#### **EVOLUTION**

During 1995-1997, the CV finance market was highly fragmented with NBFCs dominating the CV finance market. In the period 1998-2001, the downturn in demand for CVs forced many small NBFCs to either close down or significantly curtail their operations. Few strong players such as Sundaram Finance, Ashok Leyland Finance, Citicorp Finance, GE Capital and others survived. The share of foreign NBFCs rose as they purchased the assets of weaker domestic NBFCs. In 2000-01, the new CV finance market was estimated at around Rs 52 billion. The market became less fragmented as weaker NBFCs exited the market due to increasing pressure on margins. Private Banks capitalised on the above opportunity and entered the market in a major way.

During 2003-2006, organised players started focusing on the used vehicle and refinance markets which had traditionally been serviced by the unorganised sector. NBFCs such as Tata Finance, Sundaram Finance, Citicorp Finance and Cholamandalam Investment and Finance Company accounted for about 34 per cent of the market. Banks like ICICI Bank, HDFC Bank and Kotak Mahindra Bank emerged as strong players in the private bank segment, capturing about 57 per cent of the market. SBI, which increased focus on this market from 2003-04, other public sector and cooperative banks accounted for the remaining 9 per cent. To increase their market share, players required a sound origination and distribution network for both new and used CV finance as the market is spread across national and state highways. In 2005-06, the total organized CV finance market was estimated at Rs 303 billion, with new CV market contributing Rs 196 billion and used market contributing Rs 107 billion.

#### **CURRENT SCENARIO**

The tightening liquidity scenario in India over the last year has increased the borrowing cost of financiers. Financiers, in turn, are passing on the increase in the cost of funds to customers. This increase in rates has been more prominent in the vehicle finance industry where interest rates have risen by 250-300 basis points (bps). This has raised concerns of credit for retail financiers.

Against this backdrop, CRISIL Research estimates that the new vehicle finance industry includes new cars, utility Vehicles (UV), CVs and two-wheelers) will slow down, declining by around 4 per cent in 2008-09. The slowdown is

also partially due to the dip in demand in the underlying asset classes and partly on account of the high interest rates affecting finance availability.

In the CV finance industry, players have restricted lending to specific customer profiles - substantial fall has been seen in lending to small fleet operators (SFOs) whereas in cars and utility vehicles (UVs), lending restrictions are more prominent with respect to customer profiles along with specific models that have not performed well in the past.

After a strong growth phase, rising interest rates and the expected growth of a mere 0.37 per cent in the CV industry in 2008-09 are expected to have adversely affect the CV finance industry - estimated to decline by about 2 per cent. This is largely due to factors such as the slowdown in freight availability, tightening interest rates and postponement of purchases due to price hikes by manufacturers. Although the rise in interest rates remains the key finance variable influencing the CV finance industry.

### Past growth rates

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	CAGR (%)
<b>CV*</b>							
Volume (million)	126,099	182,128	242,501	267,170	366,248	366,461	24
Value (Rs billion)	98	145	197	215	307	303	25

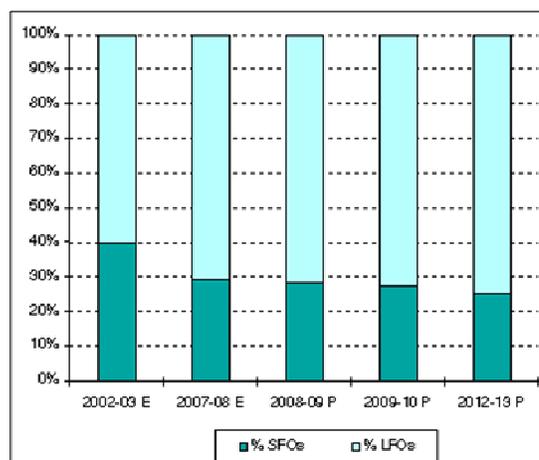
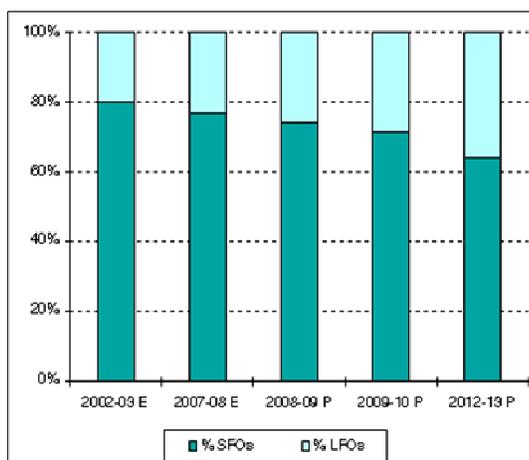
\* Excludes estimated defence sales

Note:

- 1) Only domestic sales volumes are considered
- 2) Value of each market is calculated using prices of base variant of models

Source: CRISIL Research

The sales mix of light commercial vehicles (LCVs) and medium and heavy commercial vehicles (MHCVs), in terms of customer profiles, is estimated to witness significant changes. In 2002-03, the percentage of SFOs owning LCVs was as high as 80 per cent. This has reduced significantly to 77 per cent in 2007-08, and is estimated to further reduce to 74 per cent in 2008-09. In 2012-13, the figure is expected to be 64 per cent. The share of SFOs in the MHCV segment is likely to drop as well, from 40 per cent in 2002-03 to 25 per cent in 2012-13.



Composition of LFOs and SFOs – LCVs

Composition of LFOs and SFOs – MHCV

(Source: Report of Crisil Research – “Retail Finance – Auto – Annual Review” October- November 2008)

## **OUTLOOK**

Over the next 5 years, as the LTV ratio recovers and volumes of the CV industry picks up, the CV finance market is expected to grow at a CAGR of 6 per cent in 2012-13 over 2007-08. However, this would be far lower than the 24 per cent growth registered in the previous 5 years (2003 to 2008). This is because the underlying asset is expected to grow at a CAGR of 6 per cent in 2012-13 over 2007-08 as compared to 25 per cent growth registered in the previous 5 years (2003 to 2008).

In the long term, the growth in the vehicle finance market would be driven by demand arising from the changing demographic and income pattern, growth in the underlying asset and increase in average realisations. Further, on account of the current caution exercised by the financiers, the profitability would also improve, which would also help in sustaining a healthy growth for the vehicle finance market across segments.

## **DEBT MARKET IN INDIA**

*(Source: Extracts from Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at – <http://www.indiabudget.nic.in/es2007-08/chapt2008/chap54.pdf>)*

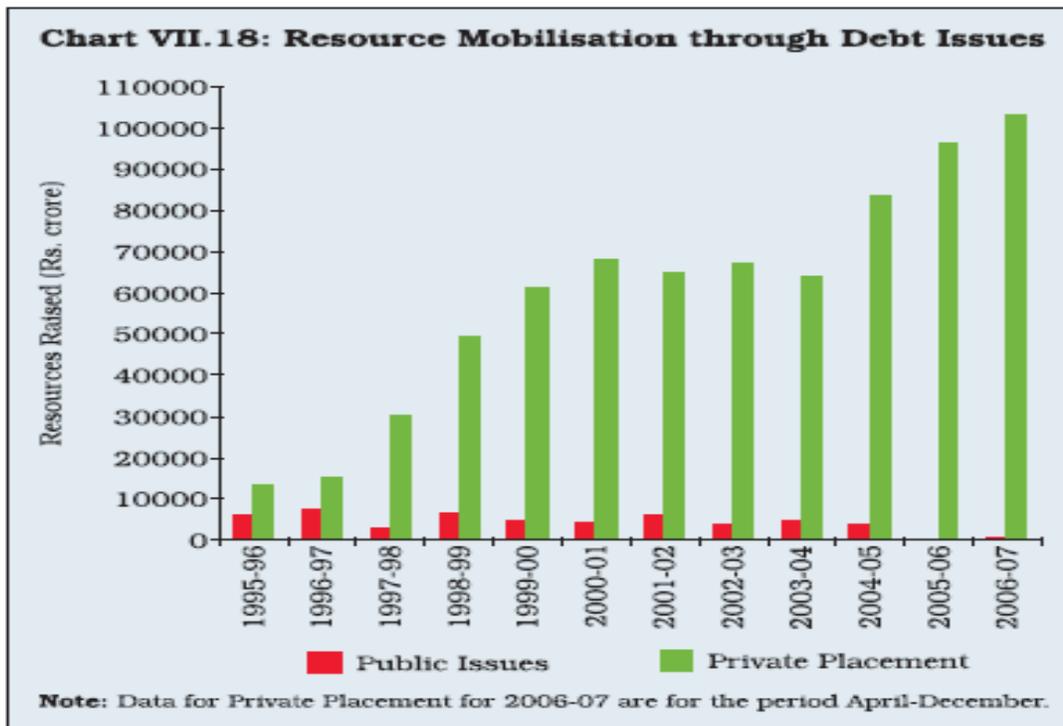
The Indian debt market has two segments, viz. Government securities market and corporate debt market.

### **Government securities market**

The fresh issuance of Government of India (GoI) dated securities in 2007 amounted to Rs. 1,62,000 crore as compared to Rs. 1,47,000 crore in 2006. The market capitalization of GoI securities increased from Rs. 11,31,558 crore at December 2006 to Rs. 13,18,419 crore at December 2007. The zero-coupon rate on one-year bonds, which ranged between 6.11 per cent and 7.29 per cent during 2006, edged up during 2007 to the range of 6.78 and 8.07 per cent. Similarly, the range of zero-coupon rate on 10-year bonds showed an increase from 7.2-7.97 per cent in 2006 to 7.5-8.37 per cent during 2007.

### **Corporate debt market**

The private corporate debt market provides an alternative means of long-term resources to corporates as opposed to financing by banks and financial institutions. The size and growth of private corporate debt market depends upon several factors, including financing patterns of companies. Among market-based sources of financing, while the equity markets have been largely developed, the corporate bond markets in most emerging market economies (EMEs) have remained relatively underdeveloped. This has been the result of dominance of the banking system combined with the weaknesses in market infrastructure and inherent complexities.



(Source: RBI publication of “Reports on Currency and Finance - Special Edition” Volume III - “Equity and Corporate Debt market”)

Development of the domestic corporate debt market in India is constrained by a number of factors - low issuance leading to illiquidity in the secondary market, narrow investor base, inadequate credit assessment skills, high costs of issuance, lack of transparency in trades, non-standardised instruments, comprehensive regulatory framework and underdevelopment of securitisation products. The market suffers from deficiencies in products, participants and institutional framework. (Source: RBI publication of “Reports on Currency and Finance - Special Edition” Volume III - “Equity and Corporate Debt market”)

As in the past, private placements appear to have dominated the mobilization of resources in the corporate primary debt market. The yield rate on corporate debt papers (with AAA rating) for five-year maturity ranged between 7.26 per cent and 8.45 per cent in FY 2006, 8.43 per cent and 9.44 per cent in FY 2007, and 9.19 per cent and 10.80 per cent in FY 2008 (April- December). The market capitalization of corporate bonds which was Rs. 49,155 crore at end- December 2006 rose to Rs. 68,074 crore at end-December 2007.

### Policy and Regulatory Changes

During 2007, several policy initiatives relating to the capital market were taken. The salient developments in the primary and secondary market are delineated below.

#### Primary Market Regulations

Under the overall guidance of SEBI, BSE and NSE jointly launched a common electronic platform at [www.corpfiling.co.in](http://www.corpfiling.co.in) [also referred as Corporate Filing and Dissemination System (CFDS)] on April 1, 2007. This portal acts as:

- A common place for filing of information on listed companies; and
- A common place for viewing information about listed companies.



A subcommittee appointed by the SEBI Committee on Disclosures and Accounting (SCODA) has been given the task of integrating initial and continuous disclosures of listed companies. The main objective of this exercise is to reduce duplication of disclosures by issuers/intermediaries/investors and improving access to the information placed on the public domain. A group called GRIP (Group on Review of Issue Process) appointed by the Primary Market Advisory Committee has been given the task of reviewing the entire issue process with the objective of making the process

- More efficient in terms of time and cost and align it with international standards;
- Widely accessible to all;
- Leverage the existing infrastructure and databases of Indian securities market; and
- Bring more efficiency in discovering price of public issues.

With the objective of developing the corporate bond market, SEBI has proposed the simplification of the primary debt market issuance process. Some of the major features of the proposed regulations include rationalization of disclosure requirements, enhanced responsibilities to merchant bankers for exercising due diligence and issuance of certificates in regard to new issuances, and listing of private placement of debt.

### **Secondary Market Regulations**

To implement the Budget announcement on creation of a unified platform for trading of corporate bonds, SEBI stipulated that an authorized reporting platform be established to capture all information related to trading in corporate bonds as accurately and as close to execution as possible. Permission was accorded for setting up trading platforms at BSE and NSE for corporate bonds. It was made mandatory for companies issuing debentures to disseminate all the required information in the event of:

- default by issuer company to pay interest on debentures or redemption amount;
- failure to create a charge on the assets;
- revision of rating assigned to the debentures.

### **DISCLAIMER IN CONNECTION WITH REPORT OF CRISIL RESEARCH TITLED “RETAIL FINANCE – AUTO – ANNUAL REVIEW” OCTOBER- NOVEMBER 2008, USED HEREIN**

*“CRISIL Limited has used due care and caution in preparing the aforementioned report. Information has been obtained by CRISIL from sources it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of the aforementioned report may be published/reproduced in any form without CRISIL’s prior written approval. CRISIL is not liable for any investment decisions which may be based on the views expressed in the aforementioned report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.”*



## OUR BUSINESS

### OVERVIEW

We are one of the largest asset financing NBFCs in India with a niche presence in financing pre-owned trucks and Small Truck Owners (STOs).

Our Company was incorporated in the year 1979 and is registered as a Deposit taking NBFC with Reserve Bank of India under Section 451A of the Reserve Bank of India Act, 1934.

We are a part of the “SHRIRAM” conglomerate which has significant presence in financial services viz., commercial vehicle financing business, consumer finance, life and general insurance, stock broking, chit funds and distribution of financial products such as life and general insurance products and units of mutual funds. Apart from these financial services, the group is also present in non-financial services business such as property development, engineering projects and information technology.

With a track record of about 30 years in this business, we are among the leading organized finance provider for the commercial vehicle industry with a focus to provide various credit facilities to STOs. We have also added passenger commercial vehicles, multi-utility vehicles, three wheelers, tractors and construction equipment to our portfolio, making us a diversified, end to end provider of finance solutions to the domestic road logistics industry. Besides financing commercial vehicles (both new and pre-owned) we also extend finance for tyres, engine replacement and working capital. We also provide ancillary services such as freight bill discounting besides offering co-branded credit cards.

Our pan-India presence through our widespread network of branches has helped in our overall growth over the years. As on March 31, 2009 we had 479 branches and tie up with over 500 private financiers across the country. As on March 31, 2009 our total employee strength was 12,196, including more than 6,000 product executives and credit executives who are colloquially referred to as our field force.

We have demonstrated consistent growth in our business and profitability. Our AUM have grown by a compounded annual growth rate (CAGR) of 68.01% from Rs. 2,92,159.35 lakhs (which comprise of AUM in the books of Company of Rs. 1,58,700.28 lakhs, assets securitised / assigned of Rs. 28,368.43 lakhs and portfolio managed by the Company of Rs. 1,05,090.64 lakhs) in FY 2005 to Rs. 23,28,110.65 lakhs (which comprise of AUM in the books of Company of Rs. 17,92,397.14 lakhs, assets securitised / assigned of Rs. 5,31,092.91 lakhs and portfolio managed by the Company of Rs. 4,620.60 lakhs) in FY 2009. Our total income and our profit after tax increased from Rs. 34,568.84 lakhs and Rs. 4,932.38 lakhs in FY 2005 to Rs. 3,73,112.97 lakhs and Rs. 61,240.21 lakhs in FY 2009 at a CAGR of 81.25% and 87.71%, respectively.

### OUR VISION

Our Company was set up with the objective of offering the common man a host of products and services that would be helpful to him on his path to prosperity. Over the decades, we have achieved significant success in reaching this objective, and have created a tremendous sense of loyalty amongst our customers.

Operational efficiency, integrity and a strong focus on catering to the needs of the common man by offering him high quality and cost-effective products & services are the values driving our Company. These core values are deep-rooted within the organisation and have been strongly adhered to over the decades.

We pride ourselves for our perfect understanding of the customer. Each product or service is tailor-made to perfectly suit customer needs. It is this guiding philosophy of putting people first that has brought us closer to the grassroots, and made us the preferred choice for all the commercial vehicle financing requirements amongst customers.



## STRENGTHS

### 1. One of the largest asset based NBFCs in India

We are one of the largest asset financing NBFCs in India and primarily focus on financing pre-owned commercial vehicles. We primarily cater to STOs and first time users (FTUs) and we believe we are the only organised player in this segment. As on March 31, 2009, our total AUM was Rs. 23,28,110.65 lakhs (which comprise of AUM in the books of Company of Rs. 17,92,397.14 lakhs, assets securitised / assigned of Rs. 5,31,092.91 lakhs and portfolio managed by the Company of Rs. 4,620.60 lakhs).

We have a pan-India presence, and as on March 31, 2009 we had over 6,00,000 customers. We also had a widespread network of 479 branches.

### 2. Expertise in raising funds from multiple sources

NBFCs in India can raise funds from either retail investors (through fixed deposits and NCDs) or through banks and financial institutions or through securitization of assets. We believe, over the years, we have developed significant expertise in raising funds from multiple resources at competitive rates in the market. Historically, we have relied more on retail borrowings, which formed 68.55% of our borrowings for FY 2005, but with our robust performance and unique business model we have been able to attract funding from banks & financial institutions and through securitisation of our assets. As on March 31, 2009 the proportion of company's non-retail borrowing increased from 31.45% in FY05 to 84.26 % in FY 09.

The brand value of Shriram amongst the retail savers has been cultivating and has lead to development of the retail public savings for the past three decades.

Our relationships with nationalized banks/private/foreign banks and institutions and prompt servicing of debt have made most of the leading banks and institutions to lend money to Shriram over the years.

As we lend to STOs, our loan portfolio is classified as priority sector lending for banks and institutions, resulting in generation of higher interest spreads in the past few years. We have also been able to raise funding by securitising our commercial vehicle loan portfolio to fund new originations.

Over the years, we have been able to source funds from multiple channels like banks & financial institutions, corporates, retail borrowings and through securitisation/assignment of our assets. Out of the total borrowings as on March 31, 2009, our outstanding towards banks & financial institutions and corporates were Rs. 16,95,438.13 lakhs and towards retail debt Rs. 3,16,693.03 lakhs. During the year ended March 31, 2009, we have also securitised / assigned our assets aggregating to Rs.3,12,498.40 lakhs. For further details, please refer to the section titled 'disclosures on financial indebtedness' on page 229 of the Prospectus.

### 3. Unique Business Model

We primarily cater to STOs and FTUs and we believe we are the only organised player providing finance to STOs and FTUs in the pre-owned commercial vehicle finance segment. As the market for commercial vehicle operators is fragmented, we believe our credit evaluation techniques, relationship based approach, extensive branch network and strong valuation skills make our business model unique and sustainable as compared to other financiers.

Our business model is entirely based on relationship with STOs across the country. Valuation of the vehicle is done internally and requires deep knowledge and practical experience. This key differentiating skill is very difficult to replicate.

Our retail focus and relationship based model has helped us in maintaining our gross and net NPAs levels at 2.14% and 0.83% as at March 31, 2009. We provide finance to pre-owned commercial vehicle operators at relatively lower interest rates as compared to other private financiers, providing an easier repayment schedule to the STOs. Further,



in juxtaposition to institutions financing other asset classes, our high net interest margins allow us to provide for NPA, thereby allowing us to maintain higher yields. For FY 2009, our net interest margin and net spread (profit before tax as a ratio to the total assets excluding the assets securitised / assigned and assets under our portfolio management scheme) were 6.99% and 4.44%, respectively.

#### **4. Our Brand**

We believe that the name 'SHRIRAM' is synonymous with the financing of commercial vehicles in India. In view of our focussed approach to grow in the pre-owned commercial vehicle market segment, we undertook a comprehensive retail-branding strategy to enable us to procure low cost resources and satisfactory ratings. This resulted in enhancing our presence in major commercial vehicle markets across India and building a large customer base, helping us enhance our retail reach.

Providing simplified procedures, approachable brand, combined with ease of availing finance have helped us become the icon for providing first time finance to SRTOs. This is on account of our relationship based approach as against the information based approach followed by the other finance providers. We transform the unbankable customers who are the first time users into bankable customers by providing finance at the time the customer is unable to get credit from anywhere. This has helped us in making 'Shriram' as the preferred financier for SRTOs and FTUs.

Today, as a result of our performance and our brand value, we have been able to raise the funds through almost all available financing resources.

#### **5. Expertise in origination, valuation and collection**

We operate on a unique business model to cater to the growing demand of the segment, the cornerstones of which are close monitoring of assets and borrowers through field officers and lead generation through referrals. Our field officers regularly keep in touch with the commercial vehicle operators and visit them every month to collect dues. This helps in building personal relationship with the customer, at the same time enhancing our reach in the periphery of the customer. This was achieved by nurturing a culture of accountability and making our field officers responsible for recovery of the same loan.

These relationships not only provided us in generating ready business but also provided us with an asset-verification and tracking mechanism. We believe our competencies in loan origination and recovery is difficult to replicate in the short to medium term.

Extensive expertise in asset valuation is a pre-requisite for any NBFC providing loans for second hand assets. Over the years, we have developed expertise in valuing pre-owned vehicles, which enables us to determine the loan amount for any commercial vehicle purchase. We believe valuation technique of a commercial vehicle is a crucial entry barrier for others seeking to venture in the pre-owned commercial vehicle financing space as vehicle prices vary significantly based on age and working condition.

#### **6. Experienced Management Team**

Most of our senior and middle management personnel have vast experience and in-depth industry knowledge and expertise and they would continue to be the principal drivers of our growth and success in all aspects of our businesses. Most of our senior management team has grown with the Company and have an experience of more than 15 years in the Company. We believe that the extensive experience, in-depth industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

## OUR STRATEGY

### 1. Partnership with private financiers

As an initiative, we have embarked on tapping local markets through developing partnerships with the private financiers, who dominates the pre-owned commercial vehicle financing market. Such financiers typically have the local knowledge but do not have adequate funds to meet the local demand. We believe that this market has not yet been refinanced by any organised player in the market, restricting the scope and ability of these financiers. Our focus will be on increasing our relationship with these private financiers over a period of time. As on date, we have developed relationships with over 500 private financiers.

### 2. Innovative Marketing and Sales Initiative - “Truck Bazaars”

Every year we organize marketing initiatives to reach out at large to our customers. As an initiative in this regard, we conducted ‘truck utsavs’ – a day long program for the commercial vehicle operators and their families upto the year 2008-09. These truck utsavs provided us a platform to interact with and understand our customers and target segments. This marketing initiative enabled us to spread awareness and further develop our relationship with our customers.

In continuation of our innovative marketing initiative and to translate our marketing techniques into business opportunity, we have launched ‘Truck Bazaars’ during 2008-09 as an innovative sales strategy. Presently, all the deals in pre-owned commercial vehicle markets are effected through brokers / facilitators who do not allow buyers and sellers to meet depriving them of the actual available opportunities and take informed decisions. Truck Bazaar is an initiative to provide a suitable platform for counselling and buying and selling of commercial vehicles on a single platform to create a vibrant ‘used vehicle market’ and infuse transparency in clearance mechanism. This initiative would not only provide us with repeat customers, but would also help in generating new business.

### 3. Expansion of product base

Having proven our leadership in commercial vehicle financing, we are focusing on a continually expanding product portfolio, which now encompasses passenger commercial vehicles, multi-utility vehicles, three-wheelers, tractors, and construction equipments besides the regular commercial vehicles. This enables us to expand our products offering to existing customers and tap newer customers. At the same time, there is an optimum strategic fit between the commercial vehicles financing and some of the downstream products introduced by us - such as tyre loans, engine replacement loans, credit cards and freight bills discounting. Our products are thus with the customers for a longer period of time, across a variety of needs.

We also intend to increase our products offering by leveraging our pan-India presence and strong brand loyalty among existing customers. Over the years, we have funded customers who were perceived to be risky by banks and other large NBFCs. At the same time, we have ensured that our write offs / credit losses remain at a minimal level, through our robust processes and relationships.

With the increased product portfolio, we intend to further add new customers and also leverage our existing customer base to cross sell these additional products.

### 4. Geographic Expansion

We have created a niche market in terms of the asset profile and customer profile in the commercial vehicle financing business. We have consolidated the market space and at the same time have tried to reach out to new locations with our partnership model and opening up of new branches.

With our pan-India presence and extensive branch network, we plan to penetrate the major commercial vehicle markets by using the local domain knowledge and forming partnerships with the unorganized local primary financiers, to extend these private financiers with finance and exploit their potential to generate new customers.



## **5. Continue to Implement advanced processes and systems**

Over a period of time, we have invested in our systems and processes to create a stronger organization and ensure good credit quality. Our information technology strategy is designed to increase our operational and managerial efficiency.

Our aim is to retain customers through meeting customer requirements on a real-time basis. Relying on advanced technology, we are also in the process of implementing technology led processing systems to make our appraisal and collection processes more efficient and at the same time ensure a better quality and rapid delivery of credit to our customers through these systems which allow us to augment the benefits of our relationship based approach. Simultaneously, build on our capability to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities.

## **6. Foray into equipment financing**

We are also planning to venture into the equipment financing business with a focus on retail borrowers.

## **OUR PRODUCTS**

### *Commercial Vehicle Financing*

We are a finance provider for the commercial vehicle industry and seek to partner SRTOs for financing their needs for owning and running commercial vehicles. We are pre-dominantly engaged in financing commercial vehicles which are between 5-12 years old. Our customer base consists of SRTOs and FTUs. Whereas, SRTOs are the owners of 1 - 4 year used vehicles, FTUs are traditionally driver turned owners. We also provide finance for new commercial vehicles.

While ensuring healthy growth of our core business, we have also added passenger commercial vehicles, multi-utility vehicles, tractors and three wheelers to our portfolio recently, transforming us from truck financiers to commercial vehicle financier in the domestic road logistics industry.

The management expertise developed over the years coupled with vast network of our branches enabled us to meet these new challenges confidently. Besides financing commercial vehicles (both pre-owned and new), we also extended our portfolio by including finance for tyres, engine replacement and working capital financing. We also provide ancillary services such as freight bill discounting and offering co-branded credit cards.

### *Construction Equipment Finance*

We are also planning to venture into the equipment financing business with a focus on retail borrowers.

### *Credit Cards - Working capital support to the Hirer*

We have entered into an agreement with Axis Bank to provide the Shriram-Axis Bank co-branded credit card with several safety features, exclusively to commercial vehicle operators, who have so far been deprived of this facility with the aim of offering one stop shop for all his financial needs including that of short term working capital requirements.

### *Freight Bill Discounting*

We have also entered into freight bill discounting segment to discount freight bills and provide immediate cash to commercial vehicle operators. This is a short term high yield earning business.



## **RISK MANAGEMENT**

Over a period of time, we have developed a strong risk-assessment model that has helped us in maintaining healthy asset quality. The key risks and risk-mitigation principles applied by us are:

### **Economic risk**

The Commercial vehicles financing industry is largely dependent on the economy. Any slowdown in the economy will have adverse impact on the Company's performance .

### **Risk mitigation**

- While the economic slowdown largely affects the absorption and usage of new vehicles in the economy, we focus on pre-owned vehicles which largely remains unaffected by the economic slowdown.
- Expansion on product portfolio to tap wider customer base.

### **Interest Rate Risk**

We borrow the money at fixed and floating interest rate while we extend the credit on fixed rate. In absence of proper planning and in a situation of lack of availability of liquid funds, our net interest margin may reduce, which may impact our ability to exploit the business opportunities.

### **Risk mitigation**

- The long-lasting relationship with the lenders coupled with our track record to timely service our debts has enabled us become the preferred lender with most of the major banks and financial institutions.
- Our valuation capabilities enable us to invest in good quality assets.
- Categorisation of our loans as priority sector assets for banks.

### **Asset-liability mismatch**

A mismatch between the tenure of loans mobilised by and the loans extended by our Company could result in a cash squeeze affecting the ability to service loans and fund overheads.

### **Risk mitigation**

- Over the years, we have developed an expertise to mobilise long-term and short-term loans at competitive interest rates, depending on the situation;
- All loans mobilised in a manner to adequately cover the average three-year tenure of loans extended by the Company;
- As a practice, we generally don't deploy funds raised from short term borrowing for long term lending.

### **Credit risk**

Default from borrowers coupled with lack of collaterals and information may lead to higher NPAs



### **Risk mitigation**

- We lend on a relationship-based model and not information-based model
- The identity and references of the proposed customer are thoroughly checked at the lead generation stage
- Local presence enables us to keep regular contacts with the customer
- Each member of the lead generation team is also responsible for the timely recovery of their loans.
- Each loan is compulsorily required to be guaranteed by another commercial vehicle operator, in the same locality as that of the borrower;
- No post dated cheques – personal relationship at every point ensures the assessment of any perceived risks.

### **Competition risk**

With players like banks and large NBFCs entering the pre-owned commercial vehicle financing segment, the margins of the Company may be adversely impacted.

### **Risk mitigation**

- We have created a niche in pre-owned commercial vehicle financing;
- Most of our customers would not be catered to by banks or large NBFCs on account of lack of adequate credit history;
- We are planning to increase our customer base and product portfolio;
- We have expanded our branch network from 430 branches as on March 31, 2008 to 479 as on March 31, 2009 and at the same time gaining deeper reach through partnership network consisting of private financiers;
- At the same time, we have also extended our focus on passenger commercial vehicles, multi-utility vehicles, three wheelers, tractors and construction equipment segments to derisk our product concentration and cater to a large target segment.

### **Attrition risk**

In the business led by personal relationships, any attrition would lead to loss of business.

### **Risk mitigation**

- We ensure a progressive career path for our employees
- Extensive focus on training and development
- We have focussed on performance and employee retention
- We have introduced an ESOP scheme for our employees at branch manager level and above
- A large part of the employees' remuneration is performance linked.



### **Cash management risk**

Our branches collect and deposit about 2/3rd of the total collection through cash. Lack of proper cash management can lead to loss for the Company.

### **Risk mitigation**

- Novel cash management checks employed at every level to track and tally accounts
- A strong cross referral system across levels and profit centres
- Regular audits to ensure highest levels of compliance to the systems

### **Asset Quality**

We have been maintaining good asset quality through prudent credit norms, stringent credit evaluation tools, limiting customer wise and vehicle wise exposure, direct interaction with customers and regular visits to customers. We classify NPAs based on RBI norms and directives on asset classification and have been able to maintain the gross and net NPAs as at March 31, 2009 at 2.14% and 0.83% levels respectively.

### **Access to capital**

We are subject to the capital adequacy requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 12% as prescribed under the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended from time to time) based on total capital to risk weighted assets. As a part of our governance policy, we ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. Our CAR as on March 31, 2008 and as on March 31, 2009 was 12.71 % and 16.35% respectively. We have been rated 'AA(ind)' by FITCH indicating stability and 'CARE AA+' by CARE which indicate high safety for timely servicing of debt obligations for the purposes of the Issue. Our credit rating, risk containment measures and brand value help us to access capital on relatively favourable terms.

### **NPA Management**

In addition to our credit evaluation and recovery mechanism, our asset back lending and adequate asset cover has helped us in maintaining our gross and net NPAs levels at 2.14% and 0.83%, respectively as at March 31, 2009. We provide finance to the pre-owned commercial vehicle operators on a lower interest rate as compared to the private financiers, making repayment comfortable for the SRTOs comparatively. This not only helps us maintain higher net interest margin, but also helps us effectively cover up our NPAs. For FY 2009, our net interest margin and net spread (profit before tax as a ratio to the total assets excluding the assets securitised / assigned and assets under our portfolio management scheme) were 6.99% and 4.44%, respectively.

We classify NPAs based on RBI norms and directions on assets classification and the provisioning in respect of the NPAs is done based on the prudential guidelines prescribed by the Reserve Bank of India. Besides, the above asset classification and provisioning, management also consider field reports and collection patterns at regular intervals to anticipate the need of higher provisioning.

### **OUR MARKETING STRATEGY**

We believe in a relationship based marketing approach as against information based marketing approach followed by the other financiers. Our marketing initiatives are tailor made to the needs of the geographies we serve and are designed



to generate interest and awareness. In the past, we used to organise ‘Truck Utsavs’ which serves as a cultural platform to promote interaction between the management and the customers (both existing and proposed).

While a deeper network empowered us to grow stronger, a range of innovative approaches have also accelerated our growth. As an innovative marketing strategy, we have started organising monthly ‘Truck Bazaars’ in all the cities wherever we are present. These ‘Truck Bazaars’ will provide an opportunity for the buyers and sellers to assemble on a fix date at a fix place every month. This would create enormous business opportunity for us.

## **OUR EMPLOYEES**

Being in a unique business, we prefer enlisting fresh talents and training them extensively to understand the industry and operational aspects. We also prefer to hire local people to use the knowledge of the area and acquaint them to the grass-root nature of the geographies.

We emphasize on both, classroom training as well as on-the-job acclimatization. Post recruitment, an employee undergoes induction training – to gain an understanding of the Company, its operations and its growth path. Most of the process related trainings are on-the-job.

The average age of the Company’s employees is about 28 years, enabling a mix of experience and youth to drive the business. The transparent organization structure ensures efficient communication and feedback mechanism and a performance-driven work culture.

Besides, we also ensure a progressive career path for promising employees and ensure retention of quality intellectual capital in the Company. As an incentive, an ESOP has also been introduced for deserving employees. As a result, we face among the lowest attrition rates in the industry at managerial levels.

As on March 31, 2009 our total employee strength was 12,196, including more than 6,000 product executives and credit executives who are colloquially referred to as our field force.

## **INTELLECTUAL PROPERTY**

Pursuant to a license and user agreement dated November 28, 2003 between our Company and Shriram Financial Services Holdings Private Limited, (now SCL), our Company is entitled to use the brand name “Shriram” and the associated mark for which we pay periodic royalty to SCL. The aforesaid agreement was valid till November 27, 2008 and could be renewed with the mutual consent of the parties. Subsequently, the aforesaid agreement was renewed for the period November 28, 2008 to September 30, 2009.

Our Company has also applied to the Registrar of Trademarks, in connection with the registration of the mark “Automall”.

## **COMPETITION**

We do not face any significant competition from organised players as our primary focus is on financing pre-owned commercial vehicles. Whereas in the pre-owned commercial vehicle segment we face competition with private unorganized financiers who dominate the pre-owned commercial vehicle market, we face competition in the new commercial vehicle financing segment from the other banks, financial institutions and NBFCs.

## **COLLABORATIONS**

Except as disclosed herein, our Company has not entered into any collaboration, any performance guarantee or assistance in marketing by any collaborators.



## HISTORY, MAIN OBJECTS AND KEY AGREEMENTS

### **Brief background of our Company**

Our Company was incorporated as a public limited company under the provisions of the Act, by a certificate of incorporation dated June 30, 1979, issued by the ROC, Tamil Nadu. Our Company commenced its operations, pursuant to a certificate of commencement of business dated October 9, 1979. Subsequently, our Company has obtained a certificate of registration dated September 4, 2000 bearing registration no. A-07-00459 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934, which has been renewed on April 17, 2007, (bearing registration no. 07-00459). The registered office of our Company is 123, Angappa Naicken Street, Chennai-600 001.

### *Amalgamation of Shriram Investments Limited and Shriram Overseas Finance Limited with our Company*

The Hon'ble High Court of Madras vide its order dated November 25, 2005, approved the scheme of arrangement and amalgamation of the erstwhile SIL, with our Company, ("**SIL Scheme of Merger**"). The appointed date for the SIL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares was December 21, 2005.

The Hon'ble High Court of Madras vide its order dated December 1, 2006, approved the scheme of arrangement and amalgamation of the erstwhile SOFL with our Company, ("**SOFL Scheme of Merger**"). The appointed date for the SOFL Scheme of Merger was April 1, 2005 and the record date for the purposes of re-organisation and issue of shares was February 9, 2007.

### **Main objects of our Company**

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

- To carry on and undertake business as Financiers and Capitalists, to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of vehicles, motor cars, motor buses, motor lorries, scooters and all other vehicles;
- To undertake and carry on all operations and transactions in regard to business of any kind in the same way as an individual capitalist may lawfully undertake and carry out and in particular the financing Hire Purchase Contracts relating to vehicles of all kinds;
- To carry on and undertake business as Financier and Capitalists to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of property, movable or immovable goods, chattels, lands, bullion;
- To undertake and carry on all operations and transactions in regard to business of any kind in the same manner as an individual capitalist may lawfully undertake and carryout and in particular financing hire purchase contracts relating to property or assets of any description either immovable or movable such as houses, lands, stocks, shares, Government Bonds;
- To carry on and become engaged in financial, monetary and other business transactions that are usually and commonly carried on by Commercial Financing Houses, Shroffs, Credit Corporations, Merchants, Factory, Trade and General Financiers and Capitalists;
- To lend, with or without security, deposit or advance money, securities and property to, or with, such persons and on such terms as may seem expedient;
- To purchase or otherwise acquire all forms of immovable and movable property including Machinery, Equipment, Motor Vehicles, Building, Cinema Houses, Animals and all consumer and Industrial items and to



lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased, and leased be new and/or used;

- To provide a leasing advisory counselling service to other entities and/or form the leasing arm for other entities;
- The Company shall either singly or in association with other Bodies Corporate act as Asset Management Company/Manager/Fund Manager in respect of any Scheme of Mutual Fund whether Open-End Scheme or Closed-end Scheme, floated/ to be floated by any Trust/Mutual Fund (whether offshore or on shore)/ Company by providing management of Mutual Fund for both offshore and onshore Mutual Funds, Financial Services Consultancy, exchange of research and analysis on commercial basis;
- Constitute any trust and to subscribe and act as, and to undertake and carry on the office or offices and duties of trustees, custodian trustees, executors, administrators, liquidators, receivers, treasurers, attorneys, nominees and agents; and to manage the funds of all kinds of trusts and to render periodic advice on investments, finance, taxation and to invest these funds from time to time in various forms of investments including shares, term loans and debentures etc.;
- Carry on and undertake the business of portfolio investment and Management, for both individuals as well as large Corporate Bodies and/or such other bodies as approved by the Government, in Equity Shares, Preference Shares, Stock, Debentures (both convertible and non-convertible), Company deposits, bonds, units, loans obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities and/or any other Financial Instruments, and to provide a package of Investment/Merchant Banking Services by acting as Managers to Public Issue of securities, to act as underwriters, issue house and to carry on the business of Registrar to Public issue/various investment schemes and to act as Brokers to Public Issue;
- Without prejudice to the generality of the foregoing to acquire any share, stocks, debentures, debenture-stock, bonds, units of any Mutual Fund Scheme or any other statutory body including Unit Trust of India, obligations or securities by original subscription, and/or through markets both primary, secondary or otherwise participating in syndicates, tender, purchase, (through any stock exchange, OTC exchange or privately), exchange or otherwise and to subscribe for the same whether or not fully paid up, either conditionally or otherwise, to guarantee the subscription thereof and to exercise and to enforce all rights and powers conferred by or incidental to the ownership thereof and to advance deposit or lend money against securities and properties to or with any company, body corporate, firms, person or association or without security and on such terms as may be determined from time to time;
- To engage in Merchant Banking activities, Venture Capital, acquisitions, amalgamations and all related merchant banking activities including loan syndication;
- To carry on the business as manufacturers, Exporters, Importers, Contractors, Sub-contractors, Sellers, Buyers, Lessors or Lessees and Agents for Wind Electric Generators and turbines, Hydro turbines, Thermal Turbines, Solar modules and components and parts including Rotor blades, Braking systems, Tower, Nacelle, Control unit, Generators, etc. and to set up Wind Farms for the company and/or for others either singly or jointly and also to generate, acquire by purchase in bulk, accumulate, sell, distribute and supply electricity and other power (subject to and in accordance with the laws in force from time to time);
- To carry on business of an investment company or an Investment Trust Company, to undertake and transact trust and agency investment, financial business, financiers and for that purpose to lend or invest money and negotiate loans in any form or manner, to draw, accept, endorse, discount, buy, sell and deal in bills of exchange, hundies, promissory notes and other negotiable instruments and securities and also to issue on commission, to subscribe for, underwrite, take, acquire and hold, sell and exchange and deal in shares, stocks, bonds or debentures or securities of any Government or Public Authority or Company, gold and silver and bullion and to form, promote and subsidise and assist companies, syndicates and partnership to promote and



finance industrial enterprises and also to give any guarantees for payment of money or performance of any obligation or undertaking, to give advances, loans and subscribe to the capital of industrial undertakings and to undertake any business transaction or operation commonly carried on or undertaken by capitalists, promoters, financiers and underwriters;

- To act as investors, guarantors, underwriters and financiers with the object of financing Industrial Enterprises, to lend or deal with the money either with or without interest or security including in current or deposit account with any bank or banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to receive money on deposit or loan upon such terms and conditions as the Company may approve provided that the Company shall not do any banking business as defined under the Banking Regulations Act, 1949;
- To carry on in India or elsewhere the business of consultancy services in various fields, such as, general, administrative, commercial, financial, legal, economic, labour and industrial relations, public relations, statistical, accountancy, taxation and other allied services, promoting, enhancing propagating the activity of investment in securities, tendering necessary services related thereto, advising the potential investors on investment activities, acting as brokers, sub-brokers, Investment Consultant and to act as marketing agents, general agents, sub agents for individuals/ bodies corporate/Institutions for marketing of shares, securities, stocks, bonds, fully convertible debentures, partly convertible debentures, Non-convertible debentures, debenture stocks, warrants, certificates, premium notes, mortgages, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, general insurance products, life insurance products and other similar instruments whether issued by government, semi government, local authorities, public sector undertakings, companies corporations, co-operative societies, and other similar organizations at national and international levels;
- To carry on the business of buying, selling of trucks and other CVs and reconditioning, repairing, remodelling, redesigning of the vehicles and also acting as dealer for the said vehicles, for all the second hand commercial and other vehicles and to carry on the business of buying, selling, importing, exporting, distributing, assembling, repairing and dealing in all types of vehicles including re-conditioned and re-manufactured automobiles, two and three wheelers, tractors, trucks and other vehicles and automobile spares, replacement parts, accessories, tools, implements, tyres and tubes, auto lamps, bulbs, tail light and head light bulbs, assemblies and all other spare parts and accessories as may be required in the automobile industry.

### **Key terms of our Material Agreements**

- (1) **Investment Agreement dated February 16, 2005 with UNO Investments (“UNO”), Mr. R. Thyagarajan, Mr. T Jayaraman, Mr. AVS Raja and Shriram Financial Services Holdings Private Limited, (“SFSHPL”), (“UNO Agreement”).**

Pursuant to the aforesaid agreement, UNO has subscribed to 1,34,79,000 (one hundred and thirty four lakh seventy nine thousand) Equity Shares and 29,66,000 (twenty nine lakh sixty six thousand) warrants of our Company. The salient features of the aforesaid agreement are as follows:

- (i) Take over Offer: The subscription of Equity Shares and warrants by UNO was subject to compliance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.
- (ii) Nominee Director: So long as UNO and/or its affiliates hold at least 19,62,829 fully diluted Equity Shares of our Company, UNO shall have the right to nominate 2 directors on the Board, of whom one nominee Director shall be non retiring director and the second nominee director shall be a retiring director.
- (iii) Reserved Matters: So long as UNO holds at least 32,71,382 (adjusted for bonus/splits/consolidation etc) Equity Shares in our Company no action or decision relating to certain matters shall be taken unless the UNO consent is obtained. These matters are, any (i) change in capital structure of the company, (ii) any reorganisation, change in authorised or issued share capital, (iii) merger, consolidation, acquisition, winding up



, acquisition of a stake in any other company, sale of business or assets of our Company, sales of investments in affiliates and subsidiary, execution of any agreement with connected party exceeding Rs. 1,000 lakhs, removal or appointment of chief executive officer and chief financial officer, amendment in charter document, appointment of advisor to determine the inter-se swap ratio of merger, commencing in new line of business.

- (iv) **Tag Along Rights:** In the event that either Mr. R. Thyagarajan, Mr. T Jayaraman, Mr. AVS Raja and/or SFSHPL propose to transfer any Equity Shares held by them, (“**Transfer Shares**”), then such person(s) desiring to transfer such Transfer Shares, (“**Selling Shareholder**”) shall serve a written notice to UNO which shall inter-alia include the terms of such proposed transfer and the total value of the consideration for the same. Further, UNO is entitled to call upon the Selling Shareholder, by way of a written notice, to ensure that the proposed transferee of the aforementioned Transfer Shares also purchases such number of Equity Shares as held by UNO calculated on a pro-rata basis.
- (v) **Investor’s right to sell or otherwise transfer shares:** UNO shall be always entitled to sell or other wise transfer any or all of their Equity Shares or warrants held in our Company with the rights under the UNO Agreement to any person including an independent third person, only if such transferee along with its affiliates owns at least 19,62,829 (adjusted for bonus/splits/consolidation etc) equity shares. Such sale of Equity Shares shall be without the rights attached thereto. UNO shall not transfer any of the equity shares with the rights under the agreement held by it in privately negotiated transaction by way of block deals in an off-market transaction to a competitor of our Company without our prior consent. UNO shall however be entitled to transfer any of the equity shares, without the rights under the agreement, in privately negotiated transaction by way of block deals in an off-market transaction or otherwise to a competitor of our Company.
- (vi) **Non Compete:** Mr. R. Thyagarajan, Mr. T Jayaraman, Mr. AVS Raja and SFSHPL shall not compete with the business of our Company, except for the business carried on by SIL and SOFL.

(2) **Share subscription agreement dated February 2, 2006 & Amendment Agreement dated September 12, 2008 with Newbridge India Investments II Limited (“New Bridge”), our Promoter, Sri R. Thyagarajan, Sri T Jayaraman, Sri AVS Raja and Shriram Financial Services Holdings Private Limited, (collectively “Founders”), Shriram Recon Trucks Limited, SOFL and Shriram Ownership Trust.**

Pursuant to the aforesaid agreement New Bridge has subscribed to 49.00% of the paid-up share capital of our Promoter, and our Promoter has subscribed to 244,78,681 (two hundred and forty four lakh seventy eight thousand six hundred and eighty one) Equity Shares and 160,00,000 (one hundred and sixty lakh) warrants of our Company. The salient features of the aforesaid agreement are as follows:

- (i) **Nominee Directors:** Under the terms of the aforesaid agreement, our Board shall constitute of 12 (twelve) Directors of which two shall be nominees of New Bridge, two shall be nominees of Founders, two shall be nominees of UNO Investments and one nominee each of Citicorp and IREDA and the rest shall be independent directors. The Founders shall appoint the Managing Director. New Bridge and the Founders shall agree on a panel of not more than 10 (ten) independent directors, to be reconstituted every year. The directors nominated by New Bridge and the Founders shall have equal rights and privileges. Both New Bridge and Founders shall be entitled to nominate equal number of nominees on each committee of our Board.
- (ii) **Quorum:** The quorum for any meeting of the committee formed to take decisions on certain reserved matters, which require the specific consent of the respective nominees of New Bridge and the Founders shall be 2 (two) Directors, of which, one shall be the nominee of the New Bridge or the Founders, or both, as the case may be.
- (iii) **Fundamental Issues:** Any action with respect to certain fundamental issues as contemplated in the aforesaid agreement, shall require the specific consent of the shareholders of our Company by way of an EGM and/or the consent of New Bridge or the Founders.



- (iv) **Transfer Rights:** Certain rights enjoyed by New Bridge and the Founders under the aforesaid agreement shall extinguish upon sale and/or transfer, (other than to affiliates), of more than 50% of the fully diluted percentage beneficial ownership held by New Bridge or the Founders, as the case may be, in our Company.
- (3) **Share Purchase Agreement dated March 28, 2007, with Ashley Transport Services Limited (“ATSL”), Ashok Leyland Limited and INDUSIND Bank and Shareholders Agreement dated March 28, 2007 with Ashok Leyland Limited, Ashley Investments Limited Ashley Holdings Limited (“AL Group”) and Ashley Transport Services Limited (“ATSL”), (collectively “Joint Venture Agreements”)**

Pursuant to the Joint Venture Agreements, our Company had acquired 4,00,000 (four lakh) equity shares of Rs. 100/- each of ATSL, representing 40% (forty per cent) of the paid-up share capital of ATSL from the Sellers. The salient features of the Joint Venture Agreements are as follows:

- (i) **Board Composition:** The board of directors of ATSL shall have 5 (five) members, of which 2 (two) members shall be the nominees of our Company and 3 (three) members shall be the nominees of the AL Group. AL Group shall be entitled to appoint the chairman of the board of directors of ATSL.
- (ii) **Prior Consent of Sellers:** The day to day affairs of ATSL shall be exercised by the chief executive officer to be appointed by AL Group with the consent of the board of directors of ATSL. No decision on certain fundamental issues relating to ATSL, as contemplated in the Joint Venture Agreements, shall be taken except with the affirmative vote of at least one nominee of our Company and/or its affiliates and one nominee of the AL group, respectively, on the board of directors of ATSL. Such fundamental issues inter-alia relate to change of name, amendment to memorandum and articles of association, changes in the capital structure, declaration of dividend, appointment of functional heads, any proposal for merger/ consolidation / reconstruction/ liquidation, change of auditors, change of accounting principles and policies, and approval of employment policies.
- (iii) **Transfer of Rights:** For a period of 3 (three) years neither party can transfer or assign its shares held in ATSL to any person other than an affiliate of such party. Thereafter, the party intending to sell shall give the other parties the right of first refusal with respect to the shares of ATSL proposed to be transferred.
- (iv) **Non-Compete:** Neither our Company nor the AL Group shall compete with the business of ATSL in India, during the term of the Joint Venture Agreement, and 3 (three) years from the time they cease to be a party thereto. However, the aforesaid restriction shall not apply to investments upto 24% (twenty four percent) of the capital of any company.
- (4) **Share Subscription and Shareholder’s Agreement dated December 13, 2007 between BRLP Mauritius Holdings II, BROMLP Mauritius Holdings II (together referred to as “BRLP”) and our Promoter (“BRLP Investment Agreement”).**

Pursuant to the BRLP Investment Agreement, BRLP has acquired 68,00,000 (sixty eight lakh) Equity Shares of our Company on a fully diluted basis including the warrants allotted by our Company. The salient features of the BRLP Investment Agreement are as follows:

- (i) **Anti-dilution:** Till the expiry of 15 (fifteen) months from the closing date, our Company shall not without the prior consent of Investors, issue any equity shares or instruments convertible into equity shares in an aggregate amount exceeding Rs. 24,000 lakhs. However this condition shall not be applicable to issue of shares on account of Company’s current ESOP scheme.
- (ii) **Price Protection:** During 21 (twenty one) months from the expiry of the aforesaid period of 15 (fifteen) months from the closing date, if our Company proposes to issue further equity shares, the Investors shall have a right to subscribe to such number of additional equity shares at the same price at which such new equity shares are offered to others so that the percentage shareholding of the Investors to the then pre issue outstanding equity



shares / equity linked instruments shall be maintained post such proposed issue of equity shares or equity linked instruments. This condition shall not however apply to further issue of equity shares arising on account of Company's current ESOP scheme. Our Company shall not issue any equity shares below the subscription price paid by the Investors or with rights or protections more favourable than those granted to the Investors for a period of 3 years.

(5) **Share Subscription and Shareholder's Agreement dated December 13, 2007 with JM Financial Ventures Limited ("JM") and our Promoter ("JM Investment Agreement").**

Pursuant to the JM Investment Agreement, JM has acquired 12,00,000 (twelve lakh) Equity Shares including warrants allotted by our Company. The salient features of the JM Investment Agreement are as follows:

- (i) Anti-dilution: Till the expiry of 15 (fifteen) months from the closing date, our Company shall not without the prior consent of Investors issue any equity shares or instruments convertible into equity shares in an aggregate amount exceeding Rs. 24,000 lakhs. However this condition shall not be applicable to issue of shares on account of Company's current ESOP scheme.
- (ii) Price Protection: During 21 (twenty one) months from the expiry of the aforesaid period of 15 (fifteen) months from the closing date, if our Company proposes to issue further equity shares, the Investors shall have a right to subscribe to such number of additional equity shares at the same price at which such new equity shares are offered to others so that the percentage shareholding of the Investors to the then pre issue outstanding equity shares / equity linked instruments shall be maintained post such proposed issue of equity shares or equity linked instruments. This condition shall not however apply to further issue of equity shares arising on account of Company's current ESOP scheme. Our Company shall not issue any equity shares below the subscription price paid by the Investors or with rights or protections more favourable than those granted to JM for a period of 3 years.

(6) **License and User Agreement, dated November 28, 2003 with Shriram Chits and Investments Private Limited, (now SCL), ("Brand License Agreement"):**

Our Company has entered into the Brand License Agreement with SCL, for the use of the brand name "Shriram" and the associated logo of a "man carrying a suit carrying a bag in one hand and the index finger of the other raised hand pointing towards a direction with the name "Shriram" inscribed in it", (collectively referred to as the "**Shriram Brand**"). The salient features of the Brand License Agreement are as follows:

- (i) Permitted Uses and Restrictions on use of the Shriram Brand: Our Company is allowed to use the Shriram Brand for carrying on business in the fields of finance and investment, including (a) hire purchase and leasing of transport vehicles, (b) hire purchase and leasing of consumer durables, (c) inter-corporate and other means of lending, and (d) investment in financial assets in the form of shares, debentures and bonds etc, ("**Permitted Businesses**"). However, we are not entitled to use the Shriram Brand for any business involving (a) speculation, (b) lending for film production or distribution, or (c) lending for stock market operations. Further, in the event our Company decides to carry on any business other than the Permitted Businesses, we must seek prior permission of SCL for the use of the Shriram Brand in connection therewith.
- (ii) Assignment: The Company is not entitled to (a) assign the Brand License Agreement to any third person, or (b) to authorize or transfer the right to use the Shriram Brand under the Brand License Agreement in favour of any third party.
- (iii) Consideration: In consideration for the rights granted by SCL in connection with the Shriram Brand pursuant to the Brand License Agreement, our Company must pay royalty equivalent to 0.25% of the total business of the Company, payable at the end of each quarter.
- (iv) Term and termination: The Brand License Agreement is valid for a period of five years from the date thereof, and may be renewed by the parties on such terms and conditions as may be mutually agreed. During the



subsistence of the Brand License Agreement, if any party commits a breach of any obligation or covenant contained therein, the other party shall serve a notice of two months to rectify such breach, and on expiry of the aforesaid period of two months, if such breach is not rectified or is incapable of being rectified, the party serving the notice shall be entitled to terminate the Brand License Agreement. Further, the Brand License Agreement shall stand terminated in the event (a) our Company is declared insolvent or is in the process of being wound up, (b) a receiver is appointed for the management of any of the assets of our Company, and (c) there is any change in control *vis-à-vis* the management of our Company. The Brand License Agreement expired on November 27, 2008 and was subsequently renewed by the parties on November 28, 2008. The Brand License Agreement is valid till September 30, 2009.

(7) **Agreement dated September 8, 2006 and Supplemental Agreement dated July 20, 2007 with UTI Bank Limited, (now known as Axis Bank Limited), (“Axis Bank”), in connection with Co-branded Credit Cards, (collectively referred to as “Credit Card Agreement”):**

Our Company has executed the Credit Card Agreement with Axis Bank, for jointly establishing a co-branded credit card programme for the issue of co branded credit cards, (“**Card**”), issued by Axis Bank which would bear trademarks, service marks and emblems, of (a) Axis Bank, (b) our Company, (c) VISA International, and (d) any other names, marks and/or logos which the parties may mutually agree upon. The salient features of the Credit Card Agreement are as follows:

- (i) Co-branded Card Programme: The Card shall be in an agreed form which will conform to Axis Bank’s card design standards and the guidelines issued by VISA International from time to time. The design of the Card shall be subject to the prior approval of Axis Bank and shall conform to guidelines formulated by VISA international.
- (ii) Issue of the Card: The Cards shall be produced by Axis Bank at its own cost and expenses and shall be issued and owned by Axis Bank during the pendency of the Credit Card Agreement.
- (iii) Marketing and distribution: Our Company shall be primarily responsible for implementing the marketing plan and for sourcing of the new Card. The marketing plan shall be reviewed once in a year by both parties jointly to consider such improvements as may be necessary. Our Company shall be liable to bear all costs in connection with marketing of the Card.

(8) **Agreement dated March 25, 2009, with NuPower Renewables Limited, (“NU Power”) for the sale and transfer of our wind power generation turbines, (“Slump Sale Agreement”)**

Our Company had executed the Slump Sale Agreement for sale of our wind power generation turbines together with all assets and liabilities thereof as a going concern, (“**Wind Power Turbines**”). The salient features of the Slump Sale Agreement are as follows:

- (i) Conditions Precedent: Consummation of the Slump Sale Agreement is subject to certain conditions precedent, (“**CPS**”) inter-alia including:
  - Our Company shall have received necessary consents to (a) own and operate the Wind Power Turbines, and (b) transfer the Wind Power Turbines to NU Power on terms and conditions no more onerous than those granted to our Company and no such consent shall have been revoked;
  - Our Company shall have received the permission of the assessing officer as required under Section 281 of the IT Act permitting sale of Wind Power Turbines to NU Power and shall have delivered the permission obtained to NU Power;
  - Our Company shall have repaid the entire loan and/or financial assistance availed by us from banks and/or financial institutions with respect to the Wind Power Turbines and shall have provided certified



true copies of the letters of satisfaction procured in this regard with the release letters releasing all the encumbrances on the Wind Power Turbines to NU Power.

- (ii) Part Consideration and refund thereof: Upon execution of the Slump Sale Agreement, NU Power has paid a certain amount as part consideration to our Company. In the event the transaction as contemplated by the Slump Sale Agreement is not consummated by October 31, 2009, either due to (a) non fulfilment of the CPs or due to wilful negligence or default by our Company, our Company shall forthwith refund and pay the entire amount of the aforesaid part consideration to NU Power along with the specified interest thereon and a certain amount of liquidated damages as detailed in the Slump Sale Agreement. Until such time as our Company refunds NU Power, the entire part consideration along with the interest and liquidated damages, NU Power shall have a charge on the assets relating to the Wind Power Turbines.



## OUR MANAGEMENT

### *Board of Directors*

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. We have not appointed any 'manager' within the meaning thereof under the provisions of the Act. Currently, we have 11 (eleven) Directors on our Board.

### **Details relating to Directors**

<b>Name, Designation, Age and DIN</b>	<b>Nationality</b>	<b>Date of Appointment</b>	<b>Address</b>	<b>Other Directorships</b>
Mr. Arun Duggal <i>Non Executive Chairman</i> Age: 63  DIN: 00024262	Foreign	September 9, 2005	A-4, 3 <sup>rd</sup> Floor, West End, New Delhi – 110021.	(i) Zuari Industries Limited (ii) Patni Computers Systems Limited (iii) Manipal Acunova Limited (iv) Info Edge (India) Limited (v) Jubilant Energy Limited, Canada (vi) Shriram Properties Limited (vii) Dish TV India Limited (viii) Shriram City Union Finance Limited (ix) Mundra Port and Special Economic Zone Limited (x) Shriram EPC Limited (xi) Motrice Limited (xii) FIL Fund Management Private Limited (xiii) Carzonrent (India) Private Limited (xiv) Bellwether Microfinance Fund Private Limited (xv) International Asset Reconstruction Co. Private Limited (xvi) Blackstone Investment Company Private Limited (xvii) Tanglewood Financial Advisors Private Limited.
Mr. R. Sridhar <i>Managing Director</i> Age: 51  DIN: 00136697	Indian	September 14, 2000	Bungalow No. 33, Atur Park, VN Purav Marg, Chembur, Mumbai – 400071.	(i) Shriram Chits Maharashtra Limited (ii) Shriram Powergen Limited (iii) Ashley Transport Services Limited (iv) Shriram Holdings (Madras) Private Limited
Mr. S. Venkatakrisnan <i>Non Executive Director</i> Age: 80  DIN: 00136608	Indian	July 28, 2000	34, Oliver Road, Mylapore, Chennai – 600004, Tamil Nadu.	(i) Galada Finance Limited (ii) Shriram City Union Finance Limited (iii) Shriram Powergen Limited (iv) Shriram Non-Conventional Energy Limited (v) Shriram Housing Finance & Development Company Limited (vi) Novochem Laboratories Limited (vii) Madras Shoe Fabric Company Limited



Name, Designation, Age and DIN	Nationality	Date of Appointment	Address	Other Directorships
				(viii) Shriram Credit Company Limited (ix) Shriram Trade Finance Limited (x) Shriram Industrial Holdings Private Limited (xi) Shriram Exports Private Limited (xii) Ranjani Enterprises Private Limited (xiii) Hymavathi Enterprises Private Limited (xiv) Bilahari Enterprises Private Limited (xv) Charukesi Investments Private Limited (xvi) Road Safety Club Private Limited (xvii) Rambal Properties Private Limited.
Mr. S. M. Bafna <i>Non-Executive and Independent Director</i> Age: 48  DIN: 00162546	Indian	September 9, 2005	22, Gobind Mahal, 86- B, Marine Drive, Mumbai – 400020.	(i) Seva Finance Limited (ii) Isuta Electronics (India) Limited (iii) Bafna Motors (Mumbai) Private Limited (iv) Bafna Motors (Ratnagiri) Private Limited (v) Bafna Motors Private Limited (vi) Kishor Transport Sevices Private Limited (vii)Rushabh Motors Private Limited (viii)Bafna Aviation Private Limited (ix)BNB Containers Private Limited (x)Urjayant Estate Private Limited (xi)Bafna Health Care Private Limited (xii) Panchavati Automobiles Private Limited.
Mr. M. S. Verma <i>Non-Executive and Independent Director</i> Age: 71  DIN: 00115431	Indian	October 26, 2006	A – 55, Belvedere Park, DLF City, Phase III, Gurgaon – 122002, Haryana.	(i) Bellwether Microfinance Fund Private Limited (ii) PTC India Limited (iii) Visa Steel Limited (iv) Jammu & Kashmir Bank Limited (v) Visa Power Limited (vi) Asian Heart Institute and Research Centre Private Limited (vii) International Asset Reconstruction Company Private Limited.
Mr. Adit Jain <i>Non-Executive and Independent Director</i>	Indian	October 26, 2006	Kachnar House, F – 63, Radhe Mohan Drive, Gadaipur Bandh Road,	(i)International Market Assessment India Private Limited (ii)IMA Corporate Advisory Services Private Limited;



Name, Designation, Age and DIN	Nationality	Date of Appointment	Address	Other Directorships
Age: 49 DIN: 00835144			Chattarpur, Meherauli, New Delhi – 110030.	(iii)EIU India Private Limited (iv)PR Pundit Public Relations Private Limited
Mr. M. M. Chitale <i>Non-Executive and Independent Director</i> Age: 60 DIN: 00101004	Indian	October 26, 2006	4/46, Vishnu Prasad Society, Vile Parle (East), Mumbai – 400057.	(i) Asrec (India) Limited (ii) Larsen & Toubro Limited (iii) Ram Ratna Wires Limited (iv) ITZ Cash Card Limited (v) ONGC Mangalore Petrochemicals Limited (vi) ONGC Petroadditions Limited (vii) Essel Propack Limited (viii) Principal PNB Asset Management Company Private Limited
Dr. T.S. Sethurathnam <i>Non-Executive Director and Nominee of IREDA*</i> Age: 80 DIN: 00042704	Indian	November 28, 2003	C- 139, Sarvodaya Enclave, New Delhi – 110017.	(i) Oil Country Tubular Limited (ii) Kamineni Hospitals Limited (iii) Bright Brothers Limited (iv) Shriram City Union Finance Limited (v) Meenakshi Power Limited.
Mr. Puneet Bhatia <i>Non-Executive Director and Nominee of Newbridge India Investments II Limited</i> Age: 43 DIN: 00143973	Indian	October 26, 2006	LGG 123, Laburnum Sushant, Lok - 1, Gurgaon – 122002.	(i) Matrix Laboratories Limited (ii) TPG Capital India Private Limited (iii) Shriram Holdings (Madras) Private Limited.
Mr. Ranvir Dewan <i>Non-Executive Director and Nominee of Newbridge India Investments II Limited</i> Age: 56 DIN: 01254350	Foreign	October 26, 2006	41, Ewe Boon Road, #11 – 41, Crystal Tower, Singapore – 259335.	(i) Parkway Holdings Limited (Singapore) (ii)PT Bank Tabunean Pensiunan Nasional (Indonesia).
Mr. Ravindra Bahl <i>Non-Executive Director and Nominee of UNO Investments</i> Age: 57 DIN: 00123047	Indian	September 9, 2005	EG – 1/49, Garden Estate, Gurgaon – 122002.	(i) Ujjivan Financial Services Private Limited (ii) Easy Access Financial Services Private Limited (iii) R B Agro Farms Private Limited.



\*IREDA - Indian Renewable Energy Development Agency Limited

## **Profile of Directors**

### **Mr. Arun Duggal - Chairman**

Mr. Arun Duggal is the non-executive Chairman of our Board. Mr. Duggal holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi and a master's degree in business administration from the Indian Institute of Management, Ahmedabad. Mr. Duggal is an experienced international banker and has an experience of approximately 33 years in the banking and finance industry. He has advised companies on financial strategy, mergers and acquisitions and on various means of capital raising. He is also a member of the Investment Committee of Axis Private Equity. He was a member on the Board of Governors of the National Institute of Bank Management. He was the Chief Executive of Bank of America in India from 1998 to 2001. He spent ten years with New York corporate office of Bank of America handling multinational relationships. From 2001 to 2003, he was the Chief Financial Officer of HCL Technologies, India. Currently, he is a visiting faculty at the Indian Institute of Management, Ahmedabad and teaches banking & finance.

### **Mr. R. Sridhar – Managing Director**

Mr. R. Sridhar is the Managing Director of our Company. Mr. Sridhar holds a bachelor's degree in Science and is a qualified chartered accountant and a fellow member of the Institute of Chartered Accountants of India. Mr. Sridhar has been associated with the Shriram group since 1985. Mr. Sridhar was appointed as the Managing Director of our Company for the first time in the year 2000 and was reappointed in the year 2005. Mr. Sridhar has over twenty years of experience in the financial services sector, especially in commercial vehicle financing. He is also the General Secretary of the Western India Hire Purchase Association and Vice President of Federation of Indian Hire Purchase Association. He is also a member of Finance Industry Development Council.

### **Mr. Puneet Bhatia**

Mr. Puneet Bhatia is a non-executive Director on our Board. Mr. Bhatia holds a degree in commerce and masters of business administration from the Indian Institute of Management, Kolkata. Mr. Bhatia has an experience of approximately 19 years in the finance and investment sector. Mr. Bhatia represents TPG Capital India on our Board. He is currently a partner in TPG Capital, India as well as the Managing Director and the country head - India for TPG's Asian business. Prior to joining the TPG group, he was the Chief Executive of GE Capital India. From 1990 to 1995, he was associated with ICICI Bank in the Project and Corporate Finance group and thereafter worked as a senior analyst with Crosby Securities from 1995 to 1996.

### **Dr. T. S. Sethurathnam**

Dr. T. S. Sethurathnam is a non-executive Director on our Board. Dr. Sethurathnam holds a bachelor's degree in Engineering from Madras University and a post graduate degree in Power Sector from Delhi University. He is also a member of All India Service and retired from the rank of Chief Secretary. Dr. Sethurathnam has over forty years of experience in the power sector. He was associated with the M.P. Electricity Board for thirty five years. He was also Chairman of the Western Regional Electricity Board comprising of Maharashtra, Gujarat, Madhya Pradesh, Goa and Diu & Daman. Dr. Sethurathnam also served as the Director/ Chairman in BSES Limited for three years and was associated with the construction of the 500 MW Dhanu Thermal Power Station in Maharashtra and as consultant to power finance corporation, HOSTON Industries Limited and Smith Co-generation Unlimited, US based Companies. He is a fellow Member of Indian Council of Arbitration and also member of Management Consultancy of Turin, Canada, member of the Institute of Management Consultants of India and a member of Institute of Training and Development. He has received several National Awards for his outstanding contribution to power development in the country.

### **Mr. Ravindra Bahl**



Mr. Ravindra Bahl is a non-executive Director on our Board. Mr. Bahl holds a bachelor's degree in English literature from the Kolkata University and master of business administration from the Indian Institute of Management, Kolkata. Mr. Bahl represents Uno Investments on our Board. He joined ChrysCapital Investment Advisors in August 2001. He has thirty years of experience in financial services. Mr. Bahl was also a member of the Global Corporate Property Group that constituted the top 250 Citibank leaders around the globe. After leaving Citibank in 1997, he built and managed the Indian operations for eFunds, a leading U.S transaction processing company.

#### **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, Maharashtra 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).

#### **Mr. M. M. Chitale**

Mr. M. M. Chitale is a non-executive Director on our Board. Mr. Chitale holds a bachelor's degree in Commerce and is a qualified chartered accountant and a fellow member of the Institute of Chartered Accountants of India. Mr. Chitale has over 35 years of experience as a practicing chartered accountant. He was the president of the Institute of Chartered Accountants of India during 1997-98 and a member of "International Auditing Practices Committee" of the International Federation of Accountants from January 1998 to June 2000. He was nominated by SEBI as a public representative director on the BSE from October 1998 to July 2000. Currently, Mr. Chitale is a partner in Mukund M. Chitale & Co.

#### **Mr. S. Venkatakrisnan**

Mr. S. Venkatakrisnan is a non-executive Director on our Board. Mr. Venkatakrisnan holds a bachelor's degree in Mathematics from Madras University and a post graduate degree in Mathematics from Madras University. Mr. Venkatakrisnan is a member of the Indian Audit and Accounts Service, Government of India, where he has held senior positions in the Finance, Audit & Accounts department of the Government and other Public Undertakings. He also functioned as BIFR Director in several companies for a period of five years. He has been an advisor to the Company for over ten years.

#### **Mr. Ranvir Dewan**

Mr. Ranvir Dewan is a non-executive Director on our Board. Mr. Dewan holds a B.Com (Hons) degree from Shriram College of Commerce, Delhi University, India. He is a fellow of the Institute of Chartered Accountants in England & Wales and a member of the Canadian Institute of Chartered Accountants. Mr. Dewan represents Newbridge India Investments II Limited on our Board. He has over 30 years of experience in the finance and investment sector. Mr. Dewan joined TPG-Newbridge Capital in July 2006 and is currently the Head of Financial Institutions Group Operations. Previously he was Executive Vice President and Chief Financial Officer of Standard Chartered First Bank in Seoul, Korea. He has also spent over thirteen years at Citibank in various senior positions in its international



businesses. He has also held senior positions with KPMG in Canada and England where he specialized in the audits of financial institutions.

### Mr. Adit Jain

Mr. Adit Jain is the Chairman of IMA India. Previously, Mr. Jain worked with Lazard India, an investment bank as Vice President and Head of M & A. He has advised several multinational corporations towards the development of their India strategy and has deposed as an expert witness at commercial litigations in the United States and in Parliamentary proceedings in India and Australia. He provides briefings to Boards of major international corporations and is a frequent speaker at emerging market seminars. Mr. Jain has over the years authored over five hundred articles and papers in the domain of politics, international affairs, foreign policy, the environment and business practices and is a leading commentator on the economic role of governments. He is the Editor of IMA's Quarterly India Update, CFO Connect magazine and the firm's principal economic commentator. Mr. Jain chairs IMA India's CEO and CFO forums which together have over 1,200 corporations on a retainer relationship. He is a non-executive director in the board of directors of Shriram Transport Finance Company Limited PR Pundit Public Relations and EIU India Private Limited. He is a member of the Board of Trustees of the Centre for Civil Society and the Adit Jain Foundation. Previously, he worked in the United Kingdom with Wild Barnsley Engineering and Stag Holdings Plc.

Mr. Jain has a bachelor's degree in mechanical engineering from the Birla Institute of Technology, India and a master's degree in business administration from the Henley Management College, UK. As a keen wildlife photographer, he has travelled extensively in the Indian Himalayas and spends time in National Parks in India and in East Africa.

### Remuneration of the Directors

The independent directors are paid sitting fees for attending the various meetings of the Board and of the Committees of the Board as under:

Meeting	Overall limit per director (Rs.per meeting)
Meetings of the Board	20,000/-
Meetings of any committee of the Board	15,000/-

### Appointment and Remuneration of the Managing Director

Mr. R. Sridhar, has been re-appointed as the managing director of our Company for a period of 5 (five) years with effect from September 15, 2005, pursuant to a resolution of the shareholders of our Company passed at their AGM held on September 09, 2005. The current remuneration payable to our managing director, as authorised by an ordinary resolution passed by the shareholders of our Company at their general meeting held on July 31, 2008, is as follows:

- (i) Salary: Subject to the provisions of the Act, our managing director shall be entitled to a salary of Rs. 2,00,000/- (Rupees two lakh only) per month, with an annual increase of 10% (ten per cent);
- (ii) Commission: Our managing director is entitled to such percentage of commission (in addition to salary and perquisites) calculated with reference to the net-profits of our Company, in accordance with section 349 and section 350 of the Act for each Financial Year, as may be fixed by our Board of Directors, which together with the salary and monetary value of the perquisites shall not exceed the ceiling as provided in section 309 of the Act;

For further details refer to the Section titled "Material Contracts and Documents for Inspection" on page 295 this Prospectus.



## Borrowing Powers of the Board

Pursuant to a resolution passed by our shareholders at their AGM held on July 31, 2008, in accordance with provisions of Section 293(1)(d) of the Act, our Board has been authorised to borrow from time to time, any sum or sum of money for the purposes of our Company, upon such terms and conditions as our Board may deem fit, notwithstanding that the money or monies to be so borrowed by our Company together with the monies already borrowed by our Company, (apart from the temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), will or may exceed the aggregate of the paid-up capital of our Company and its free reserves, so that the total amounts upto which the monies may be borrowed by our Board shall not at anytime exceed Rs. 25,00,000 lakhs.

## Interest of the Directors

Apart from the remuneration received by our managing director and the sitting fees and the commissions that may be received by non executive independent Directors, and except to the extent of the Equity Shares held by any Director, if any, the Directors do not have any other interest in our Company.

## Changes in the Directors of our Company during the last three years:

The Changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

Name of the Director	Date of Change	Reason
Mr S. Ranganathan	June 1, 2006	Resigned as a Director
Ms. Akhila Srinivasan	October 23, 2006	Resigned as a Director
Mr K R C Sekhar	October 23, 2006	Resigned as a Director
Mr M. S. Verma	October 26, 2006	Appointed as a Director
Mr M. M. Chitale	October 26, 2006	Appointed as a Director
Mr Adit Jain	October 26, 2006	Appointed as a Director
Mr Puneet Bhatia	October 26, 2006	Appointed as a Director
Mr Ranvir Dewan	October 26, 2006	Appointed as a Director
Mr. Sanjay Kukreja	March 30, 2009	Resigned as a Director

## Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our MOA and AOA, Directors are not required to hold any qualification shares. Details of the shares held in our Company by our Directors, as on July 10, 2009 are provided in the table given below:

Sr. No.	Name of Director	No. of shares held	Percentage of the total paid-up capital (%)
1	Mr. R. Sridhar	84,276	0.04
2.	Mr. Ravindra Bahl	1,34,000	0.06
3.	Mr. S M. Bafna	1,200	0.00
4.	Mr. S.Venkatakrishnan	4,448	0.00

## Corporate Governance

We have complied with the listing agreements entered into between our company and the Stock Exchanges with respect



to our Equity Shares and shall comply with the applicable requirements of the Debenture Listing Agreement to be entered into with NSE for the NCDs.

### **Details of various committees of the Board**

Our Company has constituted the following committees:

#### **1. Audit Committee:**

**Members:** (1) Mr. M. S. Verma - Chairman  
(2) Mr. Puneet Bhatia  
(3) Mr. M. M. Chitale  
(4) Mr. S. M. Bafna

**Terms of Reference:** The terms of reference of the Audit Committee include:

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and Audited 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.
- 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 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, shareholders (in case of non payment of declared dividends) and creditors, if any.
- To review the functioning of the Whistle Blower Mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **2. Shareholders' and Investors' Grievance Committee**

**Members:** (1) Mr. M. M. Chitale - Chairman  
(2) Mr. R. Sridhar

**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 shareholders and the investors of our Company. The terms of reference of the committee include:



- To look into the listing of securities on stock exchanges.
- To look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividends and matters related thereto.
- To look into 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.
- To look into amounts transferable to Investor Education and Protection Fund
- To look into profile of investors
- Taking decisions in connection with issue of global depository receipts, and
- To look into secretarial audits.

### 3. Remuneration/Compensation Committee

**Members:**

- (1) Mr. Adit Jain - Chairman
- (2) Mr. Ravindra Bahl
- (3) Mr. Puneet Bhatia
- (4) Mr. M. M. Chitale
- (5) Mr. S. M. Bafna

**Terms of Reference:** 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 shareholders with agreed terms of reference, our Company's policy on specific remuneration packages and any compensation payment for Managing, 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.

Further, the Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to the ESOP including, administration of our 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 our 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.



#### **4. Asset Liability Management Committee**

**Members:** (1) Mr. R. Sridhar - Chairman  
(2) Mr. Ranvir Dewan  
(3) Mr. Parag Sharma

**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 functions include:

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

#### **5. Banking and Finance Committee**

**Members:** (1) Mr. R. Sridhar - Chairman  
(2) Mr. S. M. Bafna

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

#### **Payment of benefits and profit-share to Employees**

Except entitlement to stock options under the ESOP, and payments in accordance with the terms of appointment of our employees, we have not paid or granted any amounts or benefits to our employees, in the two years preceding the date of this Prospectus. Our employees are not entitled to any share in the profits of our Company.



## OUR PROMOTER

### Profile of our Promoter

Our Promoter is Shriram Holdings (Madras) Private Limited.

Shriram Holdings (Madras) Private Limited was incorporated as a private limited company under the Act, with the name Rambal Holdings Private Limited, vide a certificate of incorporation dated April 19, 1993 issued by the ROC, Tamil Nadu. Subsequently, the name of our Promoter was changed to Shriram Holdings (Madras) Private Limited and a fresh certificate of incorporation dated February 11, 1994 was issued by the Registrar of Companies, Tamil Nadu. The registered office of our Promoter is located at Mookambika Complex, No.4, Lady Desika Road, Mylapore, Chennai 600 004. Our Promoter is primarily engaged in the business of holding shares and investments in our Company. Our Promoter has not been named or set out as a promoter of any other company in any offer document, filing with stock exchange(s) or with any regulatory and/or statutory authorities. Further, besides holding shares of our Company, our Promoter does not directly or indirectly hold shares in the share capital of any company. There are no common pursuits between our Company and our Promoter.

### Interest of Promoter in our Company

Except as stated under the section titled “Financial Information” beginning on page 90 of this Prospectus and to the extent of their shareholding in our Company, the Promoter does not have any other interest in our Company’s business. Further, our Promoter has no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company.

Our Promoter does not propose to subscribe to this Issue.

Other than the payment of dividend on the shares held by our Promoter in the share capital of our Company, and issue of the following Equity Shares and warrants convertible into Equity Shares, interest paid on Inter-corporate Deposit, we have not paid or granted any amounts or benefits, in the two years preceding the date of this Prospectus.

### Details of Shares allotted to our Promoter during the last two FY

Sr. No.	Nature of Transaction	Date of allotment	No. of Securities	Issue Price (Rs.)
1.	Conversion of Warrants issued on December 14, 2007	June 12, 2009	80,00,000	300/-
2.	Conversion of Warrants issued on February 2, 2006	July 31, 2007	69,00,000	112/-

### Shareholding Pattern of our Promoter as on July 10, 2009:

Sl. No.	Name of Shareholder	No. of Shares	Percentage Shareholding (%)
1.	Shriram Capital Limited	1,86,56,419	50.17
2.	Newbridge India Investments II Limited	1,82,22,639	49.00
3.	Tanglewood Financial Advisors Private Limited	3,10,000	0.83
<b>Total</b>		<b>3,71,89,058</b>	<b>100.00</b>



**Board of directors of our Promoter as on March 31, 2009**

1. Mr. D.V. Ravi
2. Mr. G.V. Raman
3. Mr. R. Sridhar
4. Mr. Amol Jain
5. Mr. Daniel A. Carroll
6. Mr. Puneet Bhatia

**Changes in the board of directors**

There have been no changes in the board of directors of our Promoter in the last three years preceding the date of this Prospectus.



**Financial Performance of our Promoter for the last three financial years**

*Rs. in Lakhs*

<b>Particulars</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b><u>Balance Sheet</u></b>			
<b>SOURCES OF FUNDS</b>			
<b>Shareholder Funds:</b>			
Share Capital	1,401.78	2,969.29	3,138.11
Optionally Convertible Warrants	16,762.31	-	-
Reserves and Surplus	24,687.17	71,894.22	79,266.66
Deferred Tax Liability	10.35		
<b>Total</b>	<b>42,861.61</b>	<b>74,863.51</b>	<b>82,404.77</b>
<b>APPLICATION OF FUNDS</b>			
Investments	38,058.74	72,936.01	82,291.21
Deferred Tax Asset (Net)	-	43.31	44.40
<b>Current Assets</b>			
Cash and Bank Balances	4,670.39	1,850.28	159.49
Loans & Advances	135.63	36.24	43.82
Less: Current Liabilities	3.15	2.33	134.15
Net Current Assets	4,802.87	1,884.19	69.16
<b>Total</b>	<b>42,861.61</b>	<b>74,863.51</b>	<b>82,404.77</b>
<b><u>Profit and Loss Account</u></b>			
<b>INCOME</b>			
Dividend Income	142.35	1,808.93	2,561.15
Interest Received	31.21	110.46	47.35
<b>Total</b>	<b>173.56</b>	<b>1,919.39</b>	<b>2,608.50</b>
<b>EXPENDITURE</b>			
Interest Paid	0.06	0.00	131.70
Income Tax Paid	0.30		
Administrative Expenses	115.64	365.80	1.07
Audit Fees	0.05	0.07	0.10
<b>Total</b>	<b>116.05</b>	<b>365.87</b>	<b>132.87</b>
Net Profit Before Tax	57.51	1,553.52	2,475.63
Add: Provision for Deferred Tax		53.66	1.08
Less : Provision for Deferred Tax	10.35	-	-
Net Profit After Tax	47.16	1,607.18	2,476.71
Balance brought down from Previous Year	27.97	75.13	1682.32
<b>Surplus carried over to Balance Sheet</b>	<b>75.13</b>	<b>1,682.31</b>	<b>4,159.03</b>



## OUR SUBSIDIARIES

As on the date of this Prospectus our Company has the following Subsidiary:

**1. Shriram Equipment Finance Private Limited, (“SEFPL”):**

SEFPL was incorporated pursuant to a certificate of registration dated June 4, 2009 issued by the Registrar of Companies, Mumbai, Maharashtra, and has its registered office situated at 118, Dalamal Towers, Nariman Point, Mumbai 400 021, Maharashtra, India. Our Company has acquired the entire paid-up share capital of SEFPL on June 22, 2009.

***Shareholding Pattern:***

As on the date of this Prospectus our Company holds 100% of the paid-up equity share capital of SEFPL, comprising of 50,000 shares of Rs. 10/- each.

***Board of Directors:***

The board of directors of SEFPL comprises of the following persons:

1. Mr. Raymond Rebello; and
2. Mr. C. V. Thiruvengkatachari.



## SECTION V : FINANCIAL INFORMATION

### AUDITORS' REPORT

To

The Board of Directors  
Shriram Transport Finance Company Limited  
3<sup>rd</sup> Floor, West Wing  
Wockhardt Tower  
Bandra Kurla Complex  
Bandra – East  
Mumbai – 400051

Dear Sirs,

1. We S.R.Batliboi & Co. ("SRB") and G.D.Apte & Co. ("GDA") have jointly examined the attached unconsolidated financial information of Shriram Transport Finance Company Limited ('Company') as at March 31, 2009, 2008, 2007, 2006 and 2005 approved by the Board of Directors and prepared by the Company in accordance with the requirements of:

- a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act') and
- b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ('the Regulations') issued by the Securities and Exchange Board of India ('SEBI'), as amended as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 (the "SEBI Act").

SRB and GDA are collectively referred to as the "Joint Auditors" and the references to the Joint Auditors as "we", "us" or "our", in this letter, shall be construed accordingly.

2. We have examined such financial information taking into consideration:

- a. the terms of reference dated June 16, 2009 received from the Company and statement of joint responsibilities of auditors dated June 16, 2009, requesting us to carry out the assignment, in connection with the Offer Document ('OD') being issued by the Company for its proposed public offer of secured non-convertible debentures ('NCDs'), having a face value and issue price of Rs. 1,000 each (referred to as the 'Offering') and
- b. The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

#### **Financial information as per audited financial statements:**

3. The financial information of the Company has been extracted by the management from the audited unconsolidated financial statements for the years ended March 31, 2009, 2008, 2007, 2006 and 2005 approved by the Board of Directors. For the year ended March 31, 2006 and March 31, 2005 financial statements has been solely audited by GDA and accordingly reliance has been placed by SRB on the financial statements solely audited by them for the said years. For the purpose of placing reliance on audit reports of GDA, SRB has not performed any additional procedures to assess adequacy or otherwise of procedures carried out by GDA for issuing these audit reports.
4. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations, terms of our engagement agreed with you and statement of joint responsibilities of auditors, we further report that:

- a) The Summary Statement of Assets and Liabilities and the schedules forming part thereof, Summary Statement of Profit and Loss and the schedules forming part thereof and Cash Flow Statement ('Summary Statements') of the Company, including as at and for the years ended March 31, 2006 and March 31, 2005 are solely examined and reported by GDA on which no audit or procedures are performed by SRB and reliance is placed by SRB, and as at and for the years ended March 31, 2009, 2008 and 2007, jointly examined by us, as set out in Annexure I to V to this report are after regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes (Refer Annexure XIII)
- b) Based on the above and also as per the reliance placed by SRB on the sole reports submitted by the GDA for the respective years we are of the opinion that the financial information have been made after incorporating:
  - the Summary Statements have to be read in conjunction with the notes given in Annexure XIII;
  - the figures of earlier periods have been regrouped (but not restated retrospectively for change in accounting policy), wherever necessary, to conform to the classification adopted for the Summary Statement as at/for the year ended March 31, 2009;
  - There are no extraordinary items which need to be disclosed separately in the summary statements; and
  - There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.
5. We have not jointly audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2009. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2009.

**Other Financial Information:**

6. At the Company's request, we have also examined the following financial information proposed to be included in the OD prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the year ended March 31, 2009, 2008, 2007, 2006 and 2005. In respect of the years ended March 31, 2006 and 2005 this information have been included based on the sole reports submitted by the GDA and relied upon by SRB:
  - i. Statement of dividend paid/proposed, enclosed as Annexure VII
  - ii. Statement of accounting ratios relating to earnings per share, net asset value, return on networth, enclosed as Annexure VIII
  - iii. Statement of Secured and Unsecured Loans including terms and conditions, enclosed as Annexure IX & X
  - iv. Capitalization Statement as at March 31, 2009, enclosed as Annexure XI
  - v. Statement of tax shelters, enclosed as Annexure XII
7. In our opinion, the financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure XIII, and after making re-groupings as considered appropriate and disclosed, has been prepared in accordance with Paragraph B of Part II of Schedule II of the Act and the Guidelines.
8. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2009.



10. This report is intended solely for your information and for inclusion in the OD in connection with the Offering of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S.R.BATLIBOI & Co.  
Chartered Accountants**

**For G.D.Apte & Co.  
Chartered Accountants**

**per Shrawan Jalan  
Partner**  
Membership No.: 102102  
Mumbai, July 02, 2009

**per U. S. Abhyankar  
Partner**  
Membership No.: 113053  
Mumbai, July 02, 2009



**ANNEXURES TO THE AUDITORS' REPORT**

**Annexure I**

**Summary of Assets and Liabilities**

**(Rs. in Lacs)**

	Particulars	Schedule	As at March 31,				
			2009	2008	2007	2006	2005
	<b>Assets</b>						
A	Fixed Assets (Net)	1	13,426.57	14,264.44	16,746.53	15,722.12	4,912.41
B	Investments	2	65,476.33	138,512.02	22,457.16	915.42	407.49
C	Deferred Tax Asset (Net)		2,639.48	-	-	-	-
D	Current Assets	3	2,373,061.57	1,647,958.46	1,002,745.40	557,467.66	176,715.59
E	Loans & Advances	4	44,369.28	26,125.93	41,586.36	32,797.79	14,531.52
<b>F</b>	<b>Total (A+B+C+D+E)</b>		<b>2,498,973.23</b>	<b>1,826,860.85</b>	<b>1,083,535.45</b>	<b>606,902.99</b>	<b>196,567.01</b>
	<b>Liabilities</b>						
G	Secured Loans	5	1,677,459.31	1,154,494.87	630,015.59	374,201.79	129,998.95
H	Unsecured Loans	6	334,671.85	322,807.83	239,495.26	65,279.01	16,115.93
I	Deferred tax Liability (Net)		-	3,592.21	8,661.98	13,368.85	5,349.98
J	Current Liabilities	7	211,907.94	137,279.30	81,430.61	61,279.78	20,189.65
K	Provisions	8	43,270.53	27,050.74	15,304.49	8,924.98	2,611.34
<b>L</b>	<b>Total (G+H+I+J+K)</b>		<b>2,267,309.63</b>	<b>1,645,224.95</b>	<b>974,907.93</b>	<b>523,054.41</b>	<b>174,265.85</b>
	<b>Net Worth (F-L)</b>		<b>231,663.60</b>	<b>181,635.90</b>	<b>108,627.52</b>	<b>83,848.58</b>	<b>22,301.16</b>
	<b>Represented By</b>						



(Rs. in Lacs)

	Particulars	Schedule	As at March 31,				
			2009	2008	2007	2006	2005
i	Share Capital	9	20,353.56	20,315.94	18,418.27	16,921.05	9,073.50
ii	Stock Option Outstanding		2,138.90	1,826.64	1,227.38	353.49	-
iii	Optionally Convertible warrants		2,400.00	2,400.00	772.80	1,992.03	103.81
iv	Share application money pending allotment		13.80	21.37	-	-	-
v	Reserves and Surplus	10	206,757.34	157,071.95	88,222.80	64,623.18	13,168.28
vi	Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	11	-	-	13.73	41.17	44.43
	<b>Total (i+ii+iii+iv+v-vi)</b>		<b>231,663.60</b>	<b>181,635.90</b>	<b>108,627.52</b>	<b>83,848.58</b>	<b>22,301.16</b>

The accompanying statement of Significant Accounting Policies and Notes to Accounts on Summary Financial Statements are integral part of this statement.

**Annexure II**
**Summary of Profit and Loss Account**
**(Rs. in Lacs)**

Particulars	Schedule	For the year ended March 31,				
		2009	2008	2007	2006	2005
<b>Income</b>						
A. Income from Operations	12	365,978.05	245,328.68	140,299.54	88,534.58	33,831.76
B. Other Income	13	7,134.92	5,574.00	1,839.06	2,095.93	737.08
<b>Total Income (A+B)</b>		<b>373,112.97</b>	<b>250,902.68</b>	<b>142,138.60</b>	<b>90,630.51</b>	<b>34,568.84</b>
<b>Expenditure</b>						
Interest & Other Charges	14	197,767.21	129,661.64	73,833.11	41,913.24	16,561.34
Raw Material Consumed	15	687.17	258.06	-	-	-
Personnel Expenses	16	20,053.60	12,547.76	7,263.39	4,776.62	1,421.88
Operating & Other Expenses	17	27,925.50	19,463.22	13,788.10	13,162.37	6,078.91
Depreciation and Lease Adjustments		3,480.59	3,705.97	1,281.85	969.02	352.03
Impairment loss/(Reversal) on Fixed assets & stock		560.87	-	(296.72)	9.97	119.63
Share & Debenture Issue expenses written off	18	-	13.74	27.44	39.35	22.85
Provisions & Write offs	19	30,574.92	24,668.99	17,319.01	8,143.07	2,225.31
<b>C. Total Expenditure</b>		<b>281,049.86</b>	<b>190,319.38</b>	<b>113,216.18</b>	<b>69,013.64</b>	<b>26,781.95</b>
<b>Profit Before Taxation (A+B-C)</b>		<b>92,063.11</b>	<b>60,583.30</b>	<b>28,922.42</b>	<b>21,616.87</b>	<b>7,786.89</b>
Provision for taxation		34,998.86	26,387.42	14,445.62	5,984.29	1,464.23
Provision for deferred tax [Liability/ (Asset)]		(4,477.15)	(5,069.77)	(4,706.87)	1,345.26	1,390.28



(Rs. in Lacs)

Particulars	Schedule	For the year ended March 31,				
		2009	2008	2007	2006	2005
Provision for Fringe Benefit Tax		301.19	283.00	143.96	123.22	-
<b>Profit after Taxation</b>		<b>61,240.21</b>	<b>38,982.65</b>	<b>19,039.71</b>	<b>14,164.10</b>	<b>4,932.38</b>
Balance in Profit & Loss Account brought forward		27,486.21	12,248.92	5,322.65	3,396.32	1,914.29
on amalgamation of SIL		-	-	-	3,387.15	-
on amalgamation of SOFL		-	-	-	106.96	-
Provision for Dividend no longer required		-	-	-	-	4.76
<b>Balance Available for Appropriations</b>		<b>88,726.42</b>	<b>51,231.57</b>	<b>24,362.36</b>	<b>21,054.53</b>	<b>6,851.43</b>
<b>D. Appropriations</b>						
Dividend - Cumulative Redeemable Preference Shares		-	-	-	423.67	228.21
Equity Shares - Interim dividend		2,045.55	2,170.20	1,749.01	4,271.43	519.50
Equity Shares - Proposed final dividend		8,140.46	8,125.42	3,683.17	559.38	981.43
Tax on dividend		1,731.16	1,749.74	871.26	736.95	225.97
Short Provision for Dividend Tax of previous Year		-	-	-	18.09	-
Transfer to statutory reserve		12,300.00	7,800.00	3,810.00	2,834.01	1,000.00
Transfer to general reserve		6,200.00	3,900.00	2,000.00	1,500.00	500.00
Transfer to Capital Redemption Reserve		-	-	-	5,388.35	-
<b>Balance carried to Balance Sheet</b>		<b>58,309.25</b>	<b>27,486.21</b>	<b>12,248.92</b>	<b>5,322.65</b>	<b>3,396.32</b>
<b>Total</b>		<b>88,726.42</b>	<b>51,231.57</b>	<b>24,362.36</b>	<b>21,054.53</b>	<b>6,851.43</b>

The accompanying statement of Significant Accounting Policies and Notes to Accounts on Summary Financial Statements are integral part of this statement.

**Cash Flow Statement**

(Rs in Lacs)						
Particulars	For the year ended March 31,					
	2009	2008	2007	2006	2005	
<b>A. Cash flow from operating activities</b>						
Net profit before taxation	92,063.11	60,583.30	28,922.42	21,616.87	7,786.89	
Depreciation	3,480.59	3,705.97	1,281.85	969.02	352.03	
Share and debenture issue expenses written off	-	13.74	27.44	39.35	22.85	
(Profit) / loss on sale of assets (net)	87.77	17.39	231.02	33.00	7.63	
(Profit) / loss on sale of investments (net)	(512.62)	(717.70)	(11.65)	(19.06)	(6.84)	
Interest and dividend received	(3,254.35)	(3,487.19)	(419.80)	(349.91)	(121.13)	
Employees Stock option compensation cost	580.57	653.95	987.16	353.49	-	
Provision for impairment of windmill	560.87	-	(248.28)	-	70.15	
Provision for impairment -others	-	-	(48.44)	9.97	49.48	
Provision for hedging contracts	(705.44)	690.42	15.02	-	-	
Provision for credit loss on securitization	4,464.01	2,009.30	1,640.19	-	-	
Provisions and write off	26,794.90	21,875.36	15,742.63	8,322.05	2,217.12	
Provision for gratuity	141.16	148.45	22.92	19.67	6.40	
Provision for leave encashment	227.65	120.73	(0.82)	12.50	5.00	
Provision for diminution in value of investments	81.14	60.67	(167.60)	11.79	19.85	
<b>Operating profit before working capital changes</b>	<b>124,009.36</b>	<b>85,674.39</b>	<b>47,974.06</b>	<b>31,018.74</b>	<b>10,409.43</b>	
<b>Movements in working capital:</b>						
(Increase) / decrease in stock on hire	-	5,665.49	21,752.14	35,394.45	14,649.04	
(Increase) / decrease in assets under financial lease	7,042.41	14,649.11	17,394.67	22,991.48	6,306.37	
(Increase) / decrease in assets under loan agreement	(303,528.03)	(726,682.58)	(341,573.04)	(297,212.81)	(88,315.53)	
(Increase) / decrease in lease assets -						

(Rs in Lacs)					
Particulars	For the year ended March 31,				
	2009	2008	2007	2006	2005
net of sales	-	-	0.56	1.16	5.77
(Increase) / decrease in other loans and advances	(20,237.77)	15,712.00	(9,172.35)	(3,798.59)	(1,479.20)
(Increase) / decrease in other receivables (current assets)	(988.49)	(2,071.96)	(49.82)	931.98	16.37
Increase / (decrease) in current liabilities	73,274.91	57,152.49	22,311.54	18,306.00	6,437.64
<b>Cash generated from operations</b>	<b>(120,427.61)</b>	<b>(549,901.06)</b>	<b>(241,362.24)</b>	<b>(192,367.59)</b>	<b>(51,970.11)</b>
Direct taxes paid (net of refunds)	(35,067.48)	(26,899.61)	(14,205.81)	(6,480.97)	(1,832.63)
<b>Net cash used in operating activities (A)</b>	<b>(155,495.09)</b>	<b>(576,800.67)</b>	<b>(255,568.05)</b>	<b>(198,848.56)</b>	<b>(53,802.74)</b>
<b>B. Cash flows from investing activities</b>					
Investment in bank deposits (net)	(47,214.27)	(33,178.65)	(32,445.92)	9,179.84	(1,331.52)
Purchase of fixed assets	(3,369.47)	(5,252.92)	(1,622.25)	(1,075.00)	(127.29)
Proceeds from sale of fixed assets	78.10	24.70	746.91	302.00	2.41
Change in capital work in progress	-	3,986.91	(1,414.06)	(2,244.05)	(4.05)
Purchase of Investment	(64,790.83)	(776,661.44)	(21,364.74)	-	-
Investment in associate company	-	(30.00)	(180.00)	-	-
Investment in subsidiary company	-	-	(4.99)	-	-
Proceeds from sale of investments in subsidiary company	-	4.99	-	-	-
Proceeds from sale of investments in associate company	-	112.50	-	-	-
Proceeds from sale of investments	138,339.14	661,221.69	19.63	78.58	6.84
Interest received	2,767.69	2,967.86	398.96	347.78	121.07
Dividend received	486.66	519.33	20.84	2.13	0.06
<b>Net cash used in investing activities (B)</b>	<b>26,297.02</b>	<b>(146,285.03)</b>	<b>(55,845.62)</b>	<b>6,591.28</b>	<b>(1,332.48)</b>
<b>C. Cash Flows from financing activities</b>					
Proceeds from issue of equity share capital including securities premium & Share application	124.09	43,003.42	11,028.07	30,687.67	6,107.40

(Rs in Lacs)						
Particulars	For the year ended March 31,					
	2009	2008	2007	2006		2005
Redemption of preference shares	-	-	-	(5,388.35)		-
Proceeds from issue of share warrants	-	2,400.00	-	1,792.00		103.81
Increase / (decrease) in bank borrowings (net)	320,120.96	443,172.48	278,640.26	116,255.06		18,849.14
Increase / (decrease) in long term borrowings from others (net)	(41,471.04)	27,824.90	85,438.50	18,041.38		12,430.57
Increase / (decrease) in fixed deposits (net)	146.45	(763.73)	(342.36)	(1,325.98)		(219.51)
Increase / (decrease) in subordinate debts (net)	55,816.44	30,577.18	29,924.71	13,225.78		9,401.10
Increase / (decrease) in redeemable non convertible debentures (net)	169,124.14	119,111.61	2,368.94	10,126.91		14,433.61
Increase / (decrease) in inter corporate deposits and commercial papers (net)	31,091.52	(12,214.36)	34,000.00	(331.71)		(15.00)
Dividend paid	(10,170.97)	(5,853.38)	(5,320.67)	(3,575.25)		(1,528.17)
Tax on dividend	(1,728.56)	(994.78)	(746.23)	(519.52)		(198.32)
<b>Net cash from financing activities (C)</b>	<b>523,053.03</b>	<b>646,263.34</b>	<b>434,991.22</b>	<b>178,987.99</b>		<b>59,364.63</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>393,854.96</b>	<b>(76,822.36)</b>	<b>123,577.55</b>	<b>(13,269.29)</b>		<b>4,229.41</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>67,199.30</b>	<b>144,021.66</b>	<b>20,444.11</b>	<b>33,713.40</b>	*	<b>13,420.96</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>461,054.26</b>	<b>67,199.30</b>	<b>144,021.66</b>	<b>20,444.11</b>		<b>17,650.37</b>
<b>Components of Cash and Cash Equivalents</b>	<b>As at March 31,</b>					
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>		<b>2005</b>
Cash, Cheques on Hand and remittance in transit	8,562.79	6,689.69	4,871.89	2,640.25		709.72
With Banks - in Current Account	95,601.30	45,275.37	26,253.34	15,584.83		16,800.73
- in unpaid dividend accounts	165.70	109.36	160.05	125.48		139.92
- in fixed deposits (Original maturity being three months or less)	356,724.47	15,124.88	112,736.38	2,093.55		-
	<b>461,054.26</b>	<b>67,199.30</b>	<b>144,021.66</b>	<b>20,444.11</b>		<b>17,650.37</b>



**Note:**

Cash and Cash Equivalents at the beginning of the year for the year 2006 includes cash and cash equivalents of M/s. Shriram Investments Limited Rs. 15,792.04 Lacs and of M/s Shriram Overseas Finance Limited Rs. 270.99 Lacs. The same is not included in Cash and cash equivalents at the end of the year 2005.

**Schedules to the Statement of Assets and Liabilities**
**(Rs. in Lacs)**

Schedule 1 - Fixed Assets (Net)	As at March 31,				
	2009	2008	2007	2006	2005
<b>Tangible Fixed Assets</b>					
Building	571.59	368.82	376.45	495.52	319.50
Leasehold Improvements	1,883.74	1,061.60	-	-	-
Furniture & Fixtures	705.39	443.95	1,726.49	1,266.88	390.62
Vehicles	143.78	320.12	374.90	357.64	11.02
Land - Freehold	223.71	223.71	223.71	292.74	2.05
Land - Leasehold	-	-	-	452.24	-
Plant and Machinery	*9869.96	11,602.71	9,917.46	10,102.55	4,166.55
<b>Intangible Fixed Assets</b>					
Software	28.40	243.53	138.90	171.84	-
<b>On Lease</b>					
Plant and Machinery	-	-	1.71	9.86	-
Vehicles					1.14
Capital Work In Progress (including Capital Advances)	-	-	3,986.91	2,572.85	21.53
	13,426.57	14,264.44	16,746.53	15,722.12	4,912.41

\*Includes Rs 5314.67 Lacs towards windmills held for sale for which MOU is executed with a buyer and sale will be subject to satisfactory completion of the technical due diligence.

(Rs. in Lacs)

Schedule 2 - Investments	As at March 31,				
	2009	2008	2007	2006	2005
<b>LONG TERM (at cost) (fully paid-up)</b>					
<b>Other Than Trade</b>					
<b>Quoted :</b>					
Government Securities	283.00	427.44	592.29	597.34	277.78
Equity Shares					
- Associates	-	240.00	240.00	240.00	120.00
- Others	-	-	0.71	3.62	-
Investment in Debentures	-	-	-	0.03	-
<b>Unquoted :</b>					
Equity Shares					
- Associates	-	-	180.00	-	-
- Others	207.50	162.50	74.36	74.36	9.71
Preference Shares	10.00	-	-	-	-
Investment in Pass Through Certificates	2,322.01	750.00	750.00	-	-
Investment in NSC	-	-	0.07	0.07	-
<b>CURRENT INVESTMENTS (at lower of cost and market value)</b>					
<b>Quoted :</b>					
Equity Shares					
- Associates	240.00	-	-	-	-
<b>Unquoted :</b>					
Equity Shares					
- Subsidiary	-	-	4.99	-	-
Investment in Units of Mutual Funds	-	-	20,614.74	-	-
Investment in Certificate of deposits with Banks	62,413.82	136,932.08	-	-	-
	65,476.33	138,512.02	22,457.16	915.42	407.49



(Rs. in Lacs)

Schedule 2 - Investments	As at March 31,				
	2009	2008	2007	2006	2005
Book value of Quoted investments	523.00	667.44	833.00	840.99	397.78
Market value of Quoted investments	535.43	913.90	937.49	934.08	323.12
Book value of Unquoted investments	64,953.33	137,844.58	21,624.16	74.43	9.71



(Rs. in Lacs)

Schedule 3 - Current Assets	As at March 31,				
	2009	2008	2007	2006	2005
Inventories- Raw Materials (at lower of cost and net realisable value)	126.81	66.53	-	-	-
Receivables under financing activities					
i) Stock under Hire Purchase agreement	-	-	5,721.72	27,473.86	28,703.54
ii) Hypothecation loan	1,790,311.88	1,500,224.10	793,068.46	464,717.20	100,579.10
iii) Assets given on Financial lease	-	7,042.41	21,691.52	39,086.19	25,425.18
	1,790,311.88	1,507,266.51	820,481.70	531,277.25	154,707.82
Sundry Debtors (Unsecured, considered Good) Debts outstanding for a period exceeding six months	-	-	262.21	367.55	89.51
Other debts	399.24	248.11	86.46	384.03	105.48
	399.24	248.11	348.67	751.58	194.99
Cash & Bank Balances					
i) Cash on hand	7,062.48	5,639.48	2,281.08	1,756.21	563.37
ii) Cheques on hand	1,490.15	856.52	215.76	54.65	80.15
iii) Remittances in transit	10.16	193.69	2,375.05	829.39	66.20
iv) Balances with scheduled banks in:					
Fixed Deposit Accounts	474,159.90	85,346.03	149,778.88	6,690.13	4,034.12
Current accounts	95,767.00	45,384.73	26,413.39	15,710.31	16,940.65
	578,489.69	137,420.45	181,064.16	25,040.69	21,684.49
Other current assets Interest accrued on investments and fixed deposits	3,733.95	2,956.86	850.87	398.14	128.29
	2,373,061.57	1,647,958.46	1,002,745.40	557,467.66	176,715.59



(Rs. in Lacs)

Schedule 4 - Loans and Advances	As at March 31,				
	2009	2008	2007	2006	2005
<b>Secured, Considered Good</b>					
Loans	1,330.35	2,100.27	4,328.29	5,142.99	3,105.38
<b>Unsecured, Considered Good</b>					
Unsecured Loans	2,406.89	1,946.23	-	31.07	35.00
Advances recoverable in cash or in kind or for value to be received	24,869.40	13,052.19	12,793.59	9,260.21	2,947.68
Service tax credit (input) receivable	1,099.54	1,489.39	1,651.74	635.24	148.96
Advance - Hypothecation loans/Hire purchase/ Lease Assets	412.81	2,699.85	16,326.18	9,677.97	1,932.18
Advance tax (net of provisions for tax)	377.66	2,372.02	2,120.47	2,425.57	646.44
Advance fringe benefit tax (net of provision)	-	-	-	78.68	-
Prepaid expenses	13,086.96	1,589.87	2,776.53	594.96	182.76
Security deposits	785.67	876.11	1,589.56	4,951.10	5,533.12
	44,369.28	26,125.93	41,586.36	32,797.79	14,531.52



(Rs. in Lacs)

Schedule 5 - Secured Loans	As at March 31,				
	2009	2008	2007	2006	2005
Redeemable non convertible debentures	482,679.34	312,255.20	183,799.02	184,430.08	86,558.36
Term loans					
i) From Financial institutions / Foreign institutions / Corporates	44,792.69	111,263.73	82,272.73	43,557.74	19,250.29
ii) From banks	833,363.58	505,329.28	259,825.48	91,282.84	21,032.39
Cash credit from banks	316,623.70	225,646.66	104,118.36	54,820.74	3,157.91
HP refinance loan	-	-	-	110.39	-
	1,677,459.31	1,154,494.87	630,015.59	374,201.79	129,998.95



(Rs. in Lacs)

Schedule 6 - Unsecured Loans	As at March 31,				
	2009	2008	2007	2006	2005
Fixed deposits	488.44	342.00	1,105.73	1,448.09	1,175.15
Inter corporate deposits	4,657.16	120.64	30.00	30.00	15.00
Subordinated debts	154,776.25	98,959.81	68,443.43	38,518.72	12,425.78
Redeemable non-convertible debentures	2,500.00	3,800.00	13,000.00	10,000.00	2,500.00
Commercial papers	48,250.00	21,695.00	34,000.00	-	-
Term loan :					
i) From banks	53,000.00	151,890.38	75,750.00	14,950.00	-
ii) From corporates	71,000.00	46,000.00	47,166.10	332.20	-
	334,671.85	322,807.83	239,495.26	65,279.01	16,115.93

(Rs. in Lacs)

Schedule 7 - Current Liabilities	As at March 31,				
	2009	2008	2007	2006	2005
Caution and lease deposits	-	-	10.21	365.57	267.98
Sundry creditors	20,901.00	7,086.46	3,013.79	1,912.72	415.91
Interest accrued but not due	77,718.04	55,751.58	34,759.79	34,691.29	13,954.75
Unclaimed Redeemable Preference Shares	-	102.64	149.25	163.58	-
Application money on Redeemable non convertible debentures	1,030.19	895.21	1,039.78	102.10	1.64
Application money on Subordinated debts	2,942.35	437.17	376.37	25.82	-
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)					
- Unclaimed Matured Deposits	65.30	52.00	64.36	108.10	92.51
- Unclaimed Matured Debentures	4,503.36	5,381.81	2,314.19	3,293.18	1,609.45
- Unclaimed Matured Subordinated Debts	816.45				
- Interest accrued and due on above	1,591.38	1,940.80	537.81	599.30	372.96
- Unclaimed dividend	166.26	126.11	108.81	126.05	57.98
Temporary credit balance in bank accounts	41,990.51	12,394.79	5,930.09	10,099.25	723.77
Securitization deferred income	51,334.24	44,092.11	24,133.29	488.09	-
Other liabilities	8,848.86	9,018.62	8,992.87	9,304.73	2,692.70
	211,907.94	137,279.30	81,430.61	61,279.78	20,189.65

(Rs. in Lacs)

Schedule 8 – Provisions	As at March 31,				
	2009	2008	2007	2006	2005
Non-performing assets	23,684.86	10,330.21	6,540.36	4,365.42	1,332.15
Credit loss on securitisation	8,940.46	5,830.18	4,098.52	-	-
Fringe benefit tax (net of advance tax)	15.11	22.36	-	-	-
Diminution in value of investments	227.03	145.89	100.31	267.91	103.85
Hedging contracts	-	705.44	15.02	-	-
Leave encashment	415.22	187.57	66.85	67.67	24.43
Gratuity	463.92	322.76	174.31	151.39	41.20
Proposed dividend	8,140.46	8,125.42	3,683.17	3,570.19	981.43
Dividend on preference shares	-	-	-	1.47	0.02
Corporate dividend tax	1,383.47	1,380.91	625.95	500.93	128.26
	43,270.53	27,050.74	15,304.49	8,924.98	2,611.34



(Rs. in Lacs)

Schedule 9 - Share Capital	As at March 31,				
	2009	2008	2007	2006	2005
<b>Authorised</b>					
Equity Share Capital	33,500.00	33,500.00	33,500.00	33,500.00	7,500.00
Preference Share Capital	20,000.00	20,000.00	20,000.00	20,000.00	5,000.00
	53,500.00	53,500.00	53,500.00	53,500.00	12,500.00
<b>Issued, Subscribed &amp; Fully Paid up</b>					
Equity Shares	20,351.16 *	20,313.54 *	18,415.87 *	15,054.06 **	6,542.85
Add : Share Forfeiture	2.40	2.40	2.40	2.40	-
<b>Equity Share Capital Suspense Account</b>	-	-	-	1,864.59 ***	-
<b>Preference Share Capital</b>	-	-	-	-	2,530.65
	20,353.56	20,315.94	18,418.27	16,921.05	9,073.50

\*Includes 79,279,236 equity shares of Rs.10/- each allotted for consideration other than cash pursuant to the schemes of amalgamation.

\*\*Includes 60,633,350 equity shares of Rs.10/- each allotted to equity shareholders of the amalgamating Company, Shriram Investments Limited for consideration other than cash pursuant to the scheme of amalgamation.

\*\*\*Represents 1,86,45,886 equity shares of Rs.10/- each to be allotted to the equity shareholders of the amalgamating company, Shriram Overseas Finance Limited, pursuant to the scheme of amalgamation sanctioned by the Hon'ble High Court of Madras



(Rs. in Lacs)

Schedule 10 - Reserves and Surplus	As at March 31,				
	2009	2008	2007	2006	2005
<b>Reserves and Surplus</b>					
<b>Capital Reserve</b>					
Balance as per last account	17.03	17.03	17.03	0.73	0.73
Add: On Amalgamation of Shriram Overseas Finance Limited				16.30	
	17.03	17.03	17.03	17.03	0.73
<b>Capital Redemption Reserve</b>	5,388.35	5,388.35	5,388.35	5,388.35	-
<b>Securities Premium Account</b>					
Balance as per last account	91,326.94	49,415.08	38,551.73	5,250.62	124.86
Add: On Amalgamation of Shriram Investments Limited	-	-	-	4,952.64	-
Add: On Amalgamation of Shriram Overseas Finance Limited	-	-	-	3,380.22	-
Add: Amount received during the year	362.35	41,911.86	10,863.35	24,968.25	5,125.76
	91,689.29	91,326.94	49,415.08	38,551.73	5,250.62
<b>Statutory Reserve</b>					
Balance as per last account	21,599.79	13,799.79	9,989.79	3,262.00	2,262.00
Add: On Amalgamation of Shriram Investments Limited	-	-	-	3,561.49	-
Add: On Amalgamation of Shriram Overseas Finance Limited	-	-	-	332.29	-
Add: Transfer from Profit & Loss Account	12,300.00	7,800.00	3,810.00	2,834.01	1,000.00
	33,899.79	21,599.79	13,799.79	9,989.79	3,262.00
<b>Debenture Redemption Reserve</b>					
Balance as per last account	-	-	100.00	50.00	50.00
Add: On Amalgamation of Shriram Investments Limited	-	-	-	50.00	-
Less: Transfer to General Reserve	-	-	100.00	-	-
<b>General Reserve</b>	-	-	-	100.00	50.00



(Rs. in Lacs)

Schedule 10 - Reserves and Surplus	As at March 31,				
	2009	2008	2007	2006	2005
Balance as per last account	11,253.63	7,353.63	5,253.63	1,208.61	708.61
Add: On Amalgamation of Shriram Investments Limited	-	-	-	1,301.96	-
Add: On Amalgamation of Shriram Overseas Finance Limited	-	-	-	1,243.06	-
Add: Transfer from Debenture Redemption Reserve	-	-	100.00	-	-
Add: Transfer from Profit & Loss Account	6,200.00	3,900.00	2,000.00	1,500.00	500.00
	17,453.63	11,253.63	7,353.63	5,253.63	1,208.61
<b>Balance in Profit &amp; Loss Account</b>	58,309.25	27,486.21	12,248.92	5,322.65	3,396.32
	206,757.34	157,071.95	88,222.80	64,623.18	13,168.28

(Rs. in Lacs)

Schedule 11 - Miscellaneous Expenditure (to the extent not written off or adjusted)	As at March 31,				
	2009	2008	2007	2006	2005
Share issue expenses	-	-	11.34	20.25	5.56
Debenture issue expenses	-	-	2.39	17.70	38.87
Deferred revenue expenses	-	-	-	3.22	-
	-	-	13.73	41.17	44.43

**Annexure V**

**Schedules to the Statement of Profits and Losses**

**(Rs. in Lacs)**

<b>Schedule 12 - Income from Operations</b>	<b>For the year ended March 31,</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Finance & service charges	324463.72	224782.81	136784.70	80649.87	28715.21
Fees from reconditioning/exchange of trucks	-	-	141.75	463.03	0.00
Interest on loans & advances	666.99	407.78	709.74	790.18	296.17
Interest on margin money on securitisation	6951.61	3553.78	571.84	326.49	73.30
Income on securitisation	33895.73	16584.31	2091.51	6305.01	4747.08
	365978.05	245328.68	140299.54	88534.58	33831.76

(Rs. in Lacs)

Schedule 13 - Other Income	For the year ended March 31,				
	2009	2008	2007	2006	2005
Interest on deposits with banks	1,749.56	2,436.50	313.68	286.84	93.73
Sale of electricity	3,265.26	1,290.12	1,130.66	1,117.99	491.73
<b>Income from Long Term Investments (non trade)</b>					
- Profit on sale of investments (net)	-	1.74	11.65	19.06	6.84
- Dividend	0.25	-	0.42	2.13	0.06
- Interest on government securities	24.20	41.27	60.01	60.94	27.34
- Interest on Pass Through Certificates	146.02	75.21	25.27	-	-
<b>Income from Current Investments (non trade)</b>					
- Profit on sale of investments	514.17	715.96	-	-	-
- Dividend	486.66	519.33	20.42	-	-
- Interest on Certificate of Deposits	693.09	414.88	-	-	-
- Interest on Commercial Paper	10.49	-	-	-	-
- Interest on Debentures	144.33	-	-	-	-
Commission Received			191.20	542.02	86.80
Miscellaneous Income	100.89	78.99	85.75	66.95	30.58
	7,134.92	5,574.00	1,839.06	2,095.93	737.08

(Rs. in Lacs)

Schedule 14 - Interest & Other Charges	For the year ended March 31,				
	2009	2008	2007	2006	2005
Interest & Other Charges on :					
Debentures	50,682.12	34,120.26	26,585.50	26,443.48	12,217.80
Subordinated debts	15,851.15	10,161.50	5,439.59	3,231.78	746.33
Fixed deposits	31.05	101.85	150.73	277.49	154.18
Loans from banks	93,513.23	56,804.74	26,613.91	6,645.59	1,089.76
Loans from institutions and others	17,706.49	17,848.72	6,623.57	3,145.87	860.04
Commercial paper	4,281.04	2,225.29	1,653.33	-	-
Bank charges	1,816.71	735.44	581.99	341.28	172.11
Professional charges - resource mobilisation	6,897.31	3,575.02	1,440.91	407.31	281.70
Processing charges on loans/securitization	4,787.16	2,991.00	4,740.42	1,420.44	1,039.42
Fees / Loss on sale of second loss credit / liquidity facilities	2,200.95	1,097.82	3.16	-	-
	197,767.21	129,661.64	73,833.11	41,913.24	16,561.34

(Rs. in Lacs)

Schedule 15 - Raw Material Consumed	For the year ended March 31,				
	2009	2008	2007	2006	2005
Opening Stock	66.53	-	-	-	-
Add : Purchases	747.45	324.59	-	-	-
Closing Stock	126.81	66.53	-	-	-
	687.17	258.06	-	-	-

(Rs. in Lacs)

Schedule 16 - Personnel Expenses	For the year ended March 31,				
	2009	2008	2007	2006	2005
Salaries & other allowances	18,724.57	11,558.30	6,683.63	4,220.34	1,226.20
Gratuity expenses	154.91	212.96	42.61	33.98	21.25
Contribution to provident and other funds	897.40	523.10	254.66	230.95	92.01
Staff welfare expenses	276.72	253.40	282.49	291.35	82.42
	20,053.60	12,547.76	7,263.39	4,776.62	1,421.88

(Rs. in Lacs)

Schedule 17 - Operating and other Expenses	For the year ended March 31,				
	2009	2008	2007	2006	2005
Rent	2,636.98	1,475.33	987.91	679.77	244.41
Electricity expenses	460.22	303.53	244.13	210.32	84.48
Repairs & Maintenance					
- Plant & machinery	168.89	63.69	148.24	111.97	36.67
- Building	0.61	1.58	-	-	-
- Others	2,337.15	1,264.83	896.47	700.61	257.33
Rates & taxes	509.04	170.07	175.05	51.53	68.69
Printing & stationery	1,618.08	1,191.84	1,038.17	604.73	237.68
Travelling & conveyance	3,162.68	1,939.13	1,390.59	1,128.66	441.06
Advertisement	84.36	93.85	747.04	96.89	23.00
Brokerage and discount	8,668.83	6,528.13	4,322.12	6,207.59	3,159.93
Sourcing and collection commission	87.35	57.95	44.61	115.96	501.44
Royalty	1,036.45	623.54	356.35	212.35	81.30
Directors' sitting fees	15.70	17.80	9.78	2.31	0.23
Insurance	100.70	107.29	54.45	47.44	11.60
Communication expenses	2,617.80	1,583.40	1,140.46	916.36	365.11
Auditor's remuneration					
- Audit fees	71.36	53.20	45.14	14.47	5.46
- Tax audit fees	2.21	2.55	2.53	3.34	1.44
- Other services	8.49	12.75	5.06	3.44	4.17
- Out of pocket	7.82	4.36	2.86	2.17	1.52
Legal & professional charges	1,194.13	848.69	581.47	839.07	138.61
Donations	106.55	75.26	75.14	85.37	56.39
Loss on sale of assets (Net)	87.77	17.39	231.02	33.00	7.63

(Rs. in Lacs)

Schedule 17 - Operating and other Expenses	For the year ended March 31,				
	2009	2008	2007	2006	2005
Loss on sale of Long Term Investments (non trade)	1.56	-	-	-	-
Miscellaneous expenses	2,940.77	3,027.06	1,289.51	1,095.02	350.76
	27,925.50	19,463.22	13,788.10	13,162.37	6,078.91

(Rs. in Lacs)

Schedule 18 - Share & Debenture issue expenses written off	For the year ended March 31,				
	2009	2008	2007	2006	2005
Share issue expenses	-	11.35	8.89	10.74	1.68
Debenture issue expenses	-	1.37	15.31	21.17	21.17
Deferred revenue expenses	-	1.02	3.24	7.44	-
	-	13.74	27.44	39.35	22.85

(Rs. in Lacs)

Schedule 19 - Provisions & Write offs	For the year ended March 31,				
	2009	2008	2007	2006	2005
Provision for non performing assets	13,354.65	3,789.85	3,142.42	1,357.58	372.42
Provision for credit loss on securitisation	4,464.01	2,009.30	1,640.19	-	-
Provision for diminution in value of investments	82.43	60.67	(167.60)	11.79	19.85
Bad debts written off	13,440.25	19,583.17	13,270.07	6,964.47	1,844.70
Bad debt recovery	(766.42)	(774.00)	(566.07)	(190.77)	(11.66)
	30,574.92	24,668.99	17,319.01	8,143.07	2,225.31

**Annexure VI**

**Statement of Contingent Liabilities**

**(Rs in Lacs)**

<b>Particulars</b>	<b>As at March 31,</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Disputed Income Tax/Interest Tax demand contested in appeals not provided for	164.76	3,381.70	5,754.90	5,318.72	2,693.26
Guarantees issued and outstanding to Banks & Others	901.97	1,991.58	4,101.12	1,752.68	771.37
Demand in respect of Service tax	299.00	284.00	230.24	-	-
In respect of Portfolio Management	-	-	356.67	1,123.63	1,846.28
In respect of securitised assets	-	-	-	29,742.84	11,994.20

**Annexure VII**
**Statement of Dividend  
Statement of Dividend in respect of Preference Shares**
**(Rs in Lacs)**

Rates	No. of Shares				
	Year ended As at 31st March				
	2009	2008	2007	2006	2005
6.00%	-	-	-	481,930	3,960
8.00%	-	-	-	25,270	260
9.00%	-	-	-	4,548,880	2,417,850
10.00%	-	-	-	23,590	
12.00%	-	-	-	15,680	15,530
12.50%	-	-	-	41,340	25,940
14.00%	-	-	-	81,850	30,600
15.00%	-	-	-	169,810	36,510
Total Shares	-	-	-	5,388,350	2,530,650
Amount of Dividend	-	-	-	423.67	228.21
Dividend Distribution Tax	-	-	-	59.43	29.82

Note: The Preference shares outstanding as on 31st March 2005 were redeemed in financial year 2005-06 and were paid pro-rata dividend at coupon rates prevailing in financial year 2004-05.



**Statement of Dividend in respect  
of Equity Shares**

**(Rs. In Lacs)**

Particulars	Year ended As at 31st March				
	2009	2008	2007	2006	2005
<b>Interim</b>					
Rate of Dividend	10%	10%	10%	10%	10%
Number of Equity Shares on which Interim Dividend paid	203,502,416	203,135,416	174,901,466	126,061,899	51,949,549
Amount of Interim Dividend	2,035.02	2,031.35	1,749.01	1,260.62	519.50
Dividend Distribution Tax	345.85	345.23	245.30	176.80	67.89
Rate of Dividend	-	-	-	20%	-
Number of Equity Shares on which Interim Dividend paid	-	-	-	150,540,580	-
Amount of Interim Dividend	-	-	-	3,010.81	-
Dividend Distribution Tax	-	-	-	422.27	-
<b>Final Dividend</b>					
Rate of Dividend	40%*	40%	20%	30%**	15%
Number of Equity Shares on which dividend paid	203,511,616	203,398,516	191,101,216	18,645,886	65,428,549
Amount of Final Dividend	8,140.46	8,135.94	3,822.02	559.38	981.43
Dividend Distribution Tax	1,383.47	1,382.70	649.55	78.45	128.26

\* Represents proposed dividend

\*\* Represents Dividend of 30% for Shareholders of M/s Shriram Overseas Finance Limited pursuant to Amalgamation

**Annexure-VIII**
**Statement of Accounting Ratios**

 [Calculation of Earnings Per shares  
(EPS)]

Earnings per share calculations are done in accordance with Accounting Standard - 20 "Earnings Per Share", issued by the Institute of Chartered Accountants of India.

Particulars		As at 31st March				
		2009	2008	2007	2006	2005
Net profit after tax (Rs. in Lacs)		61,240.21	38,982.65	19,039.71	14,164.10	4,932.38
Less: Preference dividend including tax on dividend (Rs. in Lacs)		-	-	-	483.10	258.03
Net profit attributable to equity shareholders (Rs. in Lacs)	1	61,240.21	38,982.65	19,039.71	13,681.00	4,674.35
Weighted average number of equity shares outstanding during the year. (for Basic EPS )(Lacs)	2	2,033.80	1,924.01	1,729.59	1,461.41	515.72
(a) Equity shares arising on conversion of optionally convertible warrants (Lacs)	3	80.00	23.83	69.00	82.58	3.58
(b) Equity shares for no consideration arising on grant of stock options under ESOP (Lacs)	4	24.49	29.92	13.48	3.39	-
Weighted average number of equity shares outstanding during the year. (for Diluted EPS ) (2+3+4) (Lacs)	5	2,138.29	1,977.76	1,812.07	1,547.38	519.30
Earnings per share (Basic) (Rs.) (1/2)		30.11	20.26	11.01	9.36	9.06
Earnings per share (Diluted) (Rs.) (1/5)		28.64	19.71	10.51	8.84	9.00



**Annexure-VIII**

**Shriram Transport Finance Company Limited**  
**Statement of Accounting Ratios**  
 [Calculation of Return on Net Worth (RONW)]

(Rs. In Lacs)

Particulars	As at 31st March				
	2009	2008	2007	2006	2005
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	20,353.56	20,315.94	18,418.27	16,921.05	9,073.50
Stock Option Outstanding	2,138.90	1,826.64	1,227.38	353.49	-
Optionally Convertible warrants	2,400.00	2,400.00	772.80	1,992.03	103.81
Share application money pending allotment	13.80	21.37	-	-	-
Reserves and Surplus (Refer Annexure IV - Schedule 10)	206,757.34	157,071.95	88,222.80	64,623.18	13,168.28
<b>Total Worth</b>	<b>231,663.60</b>	<b>181,635.90</b>	<b>108,641.25</b>	<b>83,889.75</b>	<b>22,345.59</b>
Less: Miscellaneous Expenditure (not written off)	-	-	13.73	41.17	44.43
<b>Net worth as at the end of the year</b>	<b>231,663.60</b>	<b>181,635.90</b>	<b>108,627.52</b>	<b>83,848.58</b>	<b>22,301.16</b>
<b>Net profit after tax</b>	<b>61,240.21</b>	<b>38,982.65</b>	<b>19,039.71</b>	<b>14,164.10</b>	<b>4,932.38</b>
<b>Return on Net Worth (%)</b>	<b>26.43%</b>	<b>21.46%</b>	<b>17.53%</b>	<b>16.89%</b>	<b>22.12%</b>



**Annexure VIII**

**Statement of Accounting Ratios**

[Calculation of Net Asset Value (NAV) Per Equity Share]

(Rs. In Lacs)

Particulars	As at 31st March				
	2009	2008	2007	2006	2005
<b>SHAREHOLDERS FUNDS</b>					
Equity Share Capital	20,353.56	20,315.94	18,418.27	16,921.05	6,542.85
Reserves and Surplus (Refer Annexure IV - Schedule 10)	206,757.34	157,071.95	88,222.80	64,623.18	13,168.28
<b>Total Worth</b>	<b>227,110.90</b>	<b>177,387.89</b>	<b>106,641.07</b>	<b>81,544.23</b>	<b>19,711.13</b>
Less: Miscellaneous Expenditure (to the extent not written off)	-	-	13.73	41.17	44.43
<b>Net Asset Value</b>	<b>227,110.90</b>	<b>177,387.89</b>	<b>106,627.34</b>	<b>81,503.06</b>	<b>19,666.70</b>
<b>Number of Equity shares outstanding at the end of the year</b>	<b>203,511,616</b>	<b>203,135,416</b>	<b>184,158,716</b>	<b>169,186,466 *</b>	<b>65,428,549</b>
<b>Net Asset Value per Equity Share(Rs.)</b>	<b>111.60</b>	<b>87.32</b>	<b>57.90</b>	<b>48.17</b>	<b>30.06</b>

Note:

\* Number of shares as at 31st March 2006 include 18,645,886 equity shares which were pending to be allotted to the equity shareholders of the amalgamating company, Shriram Overseas Finance Limited, which have since been allotted.



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
<b>A Term Loan from banks</b>				
Andhra Bank T/L-1 100 CRS	26-Dec-08	10,000.00	10,000.00	Bullet-26/12/2009
Barclays (WCDL) - 30 CRS	4-Feb-09	3,000.00	3,000.00	Bullet-03/08/2009
ABN-Amro-T/L1-2617137	21-Mar-07	18,000.00	6,000.00	36 Monthly installments
Allahabad Bank	26-Sep-07	3,000.00	2,099.84	20 quarterly installments
Andhra Bank T/L-2	16-Mar-09	10,000.00	10,000.00	16 quarterly installments
Axis Bank T/L-7	24-Mar-09	50,000.00	50,000.00	6 quarterly installments
Bank of America-T/L 2	10-Dec-07	30,000.00	30,000.00	Bullet-10/12/2009
Bank of America-T/L 3	9-Jan-09	2,500.00	2,500.00	Bullet-08/07/2009
Bank of India-T/L 1-31	5-Nov-07	10,000.00	6,666.56	48 monthly installments
Bank of Tokyo	24-Mar-09	5,000.00	5,000.00	Bullet-24/09/2009
Barclays (WCDL) - 41 CRS	14-Dec-08	4,100.00	4,100.00	Bullet-12/04/2009
Barclays Bank WCDL 75 CRS	26-Mar-09	7,500.00	7,500.00	Bullet-26/09/2009
Calyon Bank	24-Mar-08	2,000.00	2,000.00	Bullet-24/03/2011
Calyon Bank	28-Apr-08	3,000.00	3,000.00	Bullet-27/04/2011
Calyon Bank	16-Nov-07	5,000.00	5,000.00	Bullet-15/10/2010
Canara Bank T/L-5	31-Mar-09	25,000.00	25,000.00	16 quarterly installments
Canara Bank-T/L-3 2630773000035	17-Oct-08	20,000.00	18,750.00	16 quarterly installments
Canara Bank-T/L-4 2630773000038	5-Nov-08	20,000.00	18,750.00	16 quarterly installments
Central BOI-264	23-Jun-06	10,000.00	10,000.00	Bullet-23/06/2009
China Trust Comm Bank T/L-2	14-Oct-08	1,500.00	1,500.00	3 monthly installments
CITI T/L 13	21-Apr-08	10,000.00	10,000.00	Bullet-21/04/2009
CITI -TL/14 A(Axis Bank)	28-Jul-08	5,000.00	5,000.00	Bullet-28/07/2009



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
CITI -TL/14 B (Axis Bank)	28-Jul-08	5,000.00	5,000.00	Bullet-28/10/2009
CITI -TL/15	31-Jul-08	10,000.00	10,000.00	Bullet-31/07/2009
Corporation Bank T/L-1	25-Mar-09	3,000.00	3,000.00	Bullet-25/06/2009
Corporation Bank T/L-2	26-Mar-09	2,500.00	2,500.00	Bullet-26/03/2013
DBS Bank T/L-8 811310050944	5-Mar-09	2,650.00	2,650.00	Bullet-05/09/2010
DBS T/L 5-50634	24-Dec-08	2,300.00	2,300.00	Bullet-22/06/2009
DBS T/L 6-58308	24-Dec-08	2,000.00	2,000.00	Bullet-22/06/2009
DBS T/L 7- 50847	18-Sep-08	6,210.00	6,210.00	Bullet-18/03/2010
DBS-50218 TL 2	23-Jun-06	5,000.00	380.00	36 monthly installments
DBS-T/L 3-52100/50379	23-Mar-07	5,000.00	1,640.00	36 monthly installments
DBS-T/L 4- A/C NO 50582	27-Sep-07	7,500.00	7,500.00	Bullet-27/09/2010
Dena Bank	20-Mar-09	5,000.00	5,000.00	Bullet-20/04/2009
Dena Bank	23-Sep-08	20,000.00	16,666.67	36 monthly installments
Deutsche Bank-T/L 5	30-May-08	10,000.00	10,000.00	Bullet-30/05/2011
Deutsche Bank-T/L 4	30-May-08	10,000.00	10,000.00	Bullet-30/05/2010
Federal Bank T/L-1	18-Mar-09	5,000.00	5,000.00	Bullet-18/03/2010
HDFC	25-Jul-08	7,500.00	7,500.00	14 equal quarterly installments
HDFC Bank -WCDL - 60CRS	4-Mar-09	6,000.00	6,000.00	Bullet-04/03/2010
HDFC TR 4	1-Sep-06	4,000.00	666.67	36 monthly installments
HDFC TR 5	19-Jan-07	6,000.00	1,825.00	36 monthly installments
HSBC 10	29-Apr-08	10,000.00	10,000.00	Bullet-29/04/2010
HSBC 12 -NEW-97.30 CRS	17-Oct-08	9,730.00	9,730.00	Bullet-19/10/2009
HSBC T/L 11 - 100crs	4-Aug-08	10,000.00	10,000.00	Bullet-04/08/2010



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
HSBC T/L-13 92.50 CRS	25-Mar-09	9,250.00	9,250.00	Bullet-26/04/2010
HSBC-NEW	1-Jun-07	4,052.00	4,052.00	Bullet-29/05/2009
HSBC-T/L 10- 13/9	10-Sep-07	4,093.50	4,093.50	Bullet-10/09/2009
ICICI Bank T/L-12	26-Mar-09	30,000.00	30,000.00	Bullet-26/09/2009
ICICI T/L 11	28-Apr-08	25,000.00	18,750.00	12 equal quarterly installments
ICICI-4	29-Dec-06	5,000.00	1,250.00	36 equated monthly installments
ICICI-6B	29-Mar-07	5,000.00	1,666.67	36 equated monthly installments
IDBI T/L-5	24-Mar-09	15,000.00	15,000.00	14 equal quarterly installments
IDBI-2 – 4/12- 506002	4-Dec-06	10,000.00	10,000.00	4 equated monthly installments
IDBI-T/L 3	3-Mar-08	7,500.00	5,357.40	14 equal quarterly installments
IDBI-T/L-4A	24-Oct-08	5,000.00	5,000.00	14 equal quarterly installments
IDBI-T/L-4B	10-Dec-08	10,000.00	10,000.00	14 equal quarterly installments
Indian Bank T/L 3-746609275	28-Sep-07	5,000.00	2,430.20	33 monthly installments
Indian Bank T/L-5	5-Mar-09	10,000.00	10,000.00	33 monthly installments
Indian Bank-1 -9075	4-Apr-06	5,000.00	161.99	36 equated monthly installments
Indian Bank-714213623	1-Nov-06	5,000.00	1,101.46	36 equated monthly installments
Indian Bank-T/L 4-5891	25-Mar-08	5,000.00	3,320.46	33 monthly installments
Indian Overseas Bank T/L-3	18-Feb-09	20,000.00	20,000.00	Bullet-18/02/2010



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
INDUSIND Bank	14-Sep-07	5,000.00	2,996.00	30 monthly installments
INDUSIND Bank (WCDL)	16-Dec-08	3,900.00	3,900.00	Bullet-16/12/2009
ING Vysya	31-Dec-07	6,500.00	3,791.67	36 monthly installments
ING Vysya T/L-9	2-Dec-08	3,500.00	3,208.33	36 monthly installments
ING Vysya 25 CRS	29-Dec-06	2,500.00	624.96	36 equated monthly installments
J P Morgan Chase Bank T/L-7	16-Mar-09	4,700.00	4,700.00	Bullet-06/04/2010
J P Morgan Chase Bank-T/L3	27-Mar-08	5,065.00	5,065.00	Bullet-06/04/2009
Jammu & Kashmir	8-May-06	10,000.00	635.35	36 equated monthly installments
Karur Vysya 9/11	9-Nov-06	1,000.00	500.00	4 annual installment
Karur Vysya -WCDL-8 CRS 2101285000000248	21-Jan-09	800.00	800.00	Bullet-21/04/2009
OBC-000053	28-Feb-08	20,000.00	15,345.23	48 equated monthly installment
OBC-10427011000039	22-Nov-07	10,000.00	5,949.42	36 equated monthly installments
Punjab & Sind Bank	16-Apr-08	5,000.00	5,000.00	Bullet-15/04/2011
Punjab National Bank	15-Oct-08	20,000.00	17,142.85	35 monthly installment
Ratnakar	21-Aug-06	800.00	88.00	36 Monthly installments
Ratnakar Bank T/L 2-00010	20-Dec-07	2,500.00	1,718.60	48 Monthly installments
SBH-100CR-T/L2-62028887318	23-Mar-07	10,000.00	3,335.67	12 quarterly installments
SBM-T/L 1-1590	29-Sep-06	2,500.00	939.86	48 monthly installments
SBM-T/L 2-2618	22-Jun-07	10,000.00	5,401.54	48 monthly installments
Shinhan Bank-T/L-1-731200001680	9-Feb-09	2,800.00	2,800.00	Bullet-09/02/2010
Society General-T/L 1-30841	29-Oct-07	6,000.00	3,280.00	36 monthly installments



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
Society General-T/L 2-84101	14-Mar-08	1,180.00	774.38	36 monthly installments
South Indian Bank -0253 T/L-1	18-Aug-08	5,000.00	4,375.00	16 quarterly installments
South Indian Bank -T/L-2	20-Mar-09	2,500.00	2,500.00	16 quarterly installments
Standard Chartered - 2 (WCDL75 CRS)	3-Mar-09	7,500.00	7,500.00	Bullet-22/05/2009
Standard Chartered BANK-7	4-Mar-09	8,700.00	8,700.00	24 Monthly installments
Standard Chartered-T/L-6	6-May-08	13,000.00	7,280.00	24 Monthly installments
State Bank of Bikaner & Jaipur	16-Jun-06	5,000.00	413.00	36 equated monthly installments
State Bank of Bikaner & Jaipur	8-Nov-07	5,000.00	2,920.00	12 quarterly installments
State Bank of Bikaner & Jaipur T/L-3	31-Mar-09	2,500.00	2,500.00	16 quarterly installments
State Bank of Hyderabad-T/L 3-1962739	21-Jan-08	15,000.00	11,249.40	16 quarterly installments
State Bank of Indore	23-Jun-06	5,000.00	500.00	10 quarterly installments
State Bank of Mauritius-T/L 4	19-Jan-09	2,250.00	2,250.00	12 Quarterly installments
State Bank of Mysore T/L-5	5-Mar-09	10,000.00	9,999.97	48 equated monthly installments
State Bank of Mysore-T/L 3-79179	26-Nov-07	10,000.00	6,671.58	48 monthly installments
State Bank of Mysore-T/L 4-20739	19-Sep-08	15,000.00	13,120.86	48 equated monthly installments
State Bank of Patiala-65013913638	29-Dec-06	5,000.00	1,247.00	12 quarterly installments
State Bank of Patiala-65016460672	28-Feb-07	5,000.00	1,664.00	12 quarterly installments
State Bank of Patiala-T/L 3-9035	5-Oct-07	10,000.00	7,000.00	10 quarterly installments
State Bank of Patiala-T/L 4-10188	30-Jul-08	20,000.00	20,000.00	14 quarterly installments
State Bank of Saurashtra - T/L 1	31-Jul-07	7,500.00	3,739.94	12 quarterly installments
State Bank of Travancore	28-Jun-07	5,000.00	2,083.34	12 quarterly installments
State Bank OF Travancore	29-Jan-09	7,500.00	7,499.97	12 equated quarterly



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

Particulars	Date of disbursement	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
				installments
Tamil Nadu Mercantile Bank	29-Sep-06	2,500.00	937.45	48 Monthly installments
UCO Bank T/L-2	18-Mar-09	10,000.00	10,000.00	Bullet-18/03/2010
Union Bank of India (1309)	8-Jun-06	10,000.00	10,000.00	Bullet-31/05/2009
UNION BANK OF INDIA T/L-2	20-Mar-09	10,000.00	10,000.00	Bullet-20/03/2010
United Bank of India - TL 4(22439)	6-Oct-06	5,000.00	972.00	36 monthly installments
United Bank of India - TL3	31-Dec-08	10,000.00	10,000.00	16 quarterly installments
United Bank of India - TL5-246569	3-Jun-08	5,000.00	4,062.50	16 quarterly installments
United Bank of India T/L-4	13-Mar-09	15,000.00	15,000.00	16 quarterly installments
Axis Bank-T/L 4	18-Feb-08	10,000.00	10,000.00	Bullet-17/02/2011
Axis Bank-T/L 6	20-Oct-08	20,000.00	20,000.00	Bullet-19/10/2010
Vijaya Bank	28-Sep-06	5,000.00	1,875.00	16 quarterly installments
Vijaya Bank T/L 2-50CR-500509051000001	28-Feb-08	5,000.00	3,750.00	16 quarterly installments
Bank of Maharashtra	23-Nov-05	1,719.14	969.99	32 quarterly installments
ICICI Car Loan	5-Jun-06	4.90	2.39	59 equated monthly installments
ICICI Car Loan	10-Feb-06	9.77	3.97	60 equated monthly installments
HDFC Car Loan	30-Sep-04	3.15	0.03	60 equated monthly installments
YES Bank 25 CRS	4-Oct-05	2,437.87	1,710.90	20 quarterly installments
<b>Total</b>		<b>1,000,755.32</b>	<b>833,363.58</b>	
Term Loan from others				
IDFC – 2	30-Dec-05	2,500.00	250.00	5 annual installments
IDFC – 3	7-Mar-06	10,000.00	7,000.00	5 annual installments

**B**



**Annexure IX**

**Secured Loans**

Term Loans

Rs in Lacs

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
IDFC – 4	31-Jan-07	20,000.00	12,000.00	5 annual installments
IDFC-50CR - 1	31-Mar-05	5,000.00	500.00	5 annual installments
L&T Finance 2	2-Mar-05	2,500.00	973.49	72 monthly installments
L&T Finance 3	29-Jun-05	2,500.00	1,084.23	72 monthly installments
L&T Finance 4	2-Jan-06	2,500.00	1,334.18	72 monthly installments
LIC	14-Jun-06	7,500.00	4,500.00	5 annual installments
SIDBI Loan 100 CRS	29-Sep-08	10,000.00	8,800.00	33 monthly installments
SIDBI Loan 20 CR	2-Jan-06	2,000.00	742.00	54 monthly installments
SIDBI Loan 50 CR	15-Mar-07	5,000.00	1,660.00	30 monthly installments
SIDBI Loan 50 CR	31-Dec-07	5,000.00	3,050.00	33 monthly installments
IREDA Loan for Windmills at Jaisalmar	1-Apr-04	1,410.00	665.72	36 quarterly installments
IREDA Loan for Windmills at Karnataka	1-Apr-04	1,410.00	754.40	36 quarterly installments
IREDA Loan for Windmills at Karnataka-Stfc	1-Apr-04	1,410.00	754.40	36 quarterly installments
FMO, Netherlands ( SIL)	3-Nov-03	3,259.20	362.13	9 half-yearly installments
FMO, Netherlands ( STFC)	12-Jan-04	3,259.20	362.13	9 half-yearly installments
<b>Total</b>		<b>85,248.40</b>	<b>44,792.69</b>	

**C Cash Credit from Banks#**
**Rs. in Lacs**

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>
Abu Dhabi Commercial Bank	3-Feb-09	1,500.00	1,484.09
Bank of America	19-Sep-08	4,000.00	81.58
Bank of Bahrain & Kuwait	22-Jul-08	1,000.00	916.01
Bank Of Baroda	19-Nov-07	4,000.00	3,809.14
Bank of Ceylon	21-Nov-08	600.00	596.74
Bank of India	2-Jan-09	17,500.00	16,872.68
Bank of India - WCDL	06-Mar-09	30,000.00	30,187.40
Bank of Maharashtra	22-Dec-08	10,000.00	9,942.03
Bank of Rajasthan	6-Nov-07	2,500.00	2,472.38
Canara Bank	12-Jan-09	7,500.00	7,370.15
Central Bank of India	29-Oct-08	10,000.00	9,638.40
CITI Bank	15-Oct-07	5,000.00	4,427.35
CITY Union Bank	13-Oct-08	5,000.00	4,921.00
Corporation Bank	16-Jan-08	2,000.00	1,907.48
DCB WCDL	24-Jan-09	1,000.00	1,000.00
DCB WCDL	22-Dec-08	1,000.00	1,000.00
DCB WCDL	31-Jan-09	1,500.00	1,500.00
DCB WCDL	28-Feb-09	1,000.00	1,000.00
Dena Bank	30-Jan-09	12,500.00	12,278.60
HDFC	4-Mar-09	6,000.00	1,855.71
ICICI Bank	5-Mar-09	20,000.00	16,103.46
IDBI Bank	3-Oct-08	5,000.00	2,898.52
IDBI Bank	19-Nov-07	5,000.00	4,944.38
Indian Overseas Bank	18-Feb-09	10,000.00	9,641.22
INDUSIND Bank	4-Dec-08	100.00	0.08
Karnataka Bank	5-Dec-07	10,000.00	9,927.64
KARUR Vysya Bank	1-Sep-08	200.00	161.00
KARUR Vysya Bank WCDL	18-Mar-09	700.00	702.74
OBC	17-Sep-08	20,000.00	14,779.21
Punjab National Bank	24-Dec-07	6,000.00	5,960.86
Ratnakar	11-Aug-08	1,000.00	985.56
SBI Commercial & International	30-Dec-08	1,500.00	1,391.87
South Indian Bank	12-Mar-08	5,000.00	4,930.76
State Bank of India	28-Mar-08	30,000.00	29,843.53
State Bank of Indore	26-Aug-08	10,000.00	10,006.70
State Bank of Patiala	24-Jul-08	5,000.00	4,874.66
State Bank of Travancore	29-Sep-08	7,500.00	6,778.06
The Lakshmi Vilas Bank	17-Mar-09	2,500.00	2,467.50
The Lakshmi Vilas Bank	11-Feb-09	4,500.00	4,500.00
UCO Bank	4-Aug-08	15,000.00	14,730.07
Union Bank Of India	1-Nov-08	22,175.00	21,882.75
United Bank of India	9-Mar-09	15,000.00	14,305.70
Axis Bank Limited	10-Jan-09	15,000.00	14,170.96



**C Cash Credit from Banks#**

**Rs. in Laacs**

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>
YES Bank	30-Dec-08	7,500.00	7,375.77
<b>Total</b>		<b>342,275.00</b>	<b>316,623.70</b>

# Repayable on Demand or, 12 months from the date of sanctioned subject to annual review / renewal

**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

Particulars	Date of Allotment	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
HDFC Trustee Company Limited A/C HDFC Cash Management Fund Treasury Advantage Plan	4-Jul-07	5,000.00	5,000.00	Bullet- 04/07/2009
ICICI Prudential Life Insurance Company Limited	5-Jul-07	2,500.00	2,500.00	Bullet - 05/07/2010
Franklin Templeton Fixed Tenure Fund Series II-60 Months Plan	5-Jul-07	1,200.00	1,200.00	Bullet - 05/07/2010
Franklin Templeton Mutual Fund A/C Templeton Floating Rate Income Fund Long Term Plan	5-Jul-07	900.00	900.00	Bullet - 05/07/2010
Franklin Templeton Fixed Tenure Fund Series IV-60 Months Plan	5-Jul-07	300.00	300.00	Bullet - 05/07/2010
Franklin Templeton Fixed Tenure Fund Series I-60 MONTHS	5-Jul-07	100.00	100.00	Bullet - 05/07/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 49	9-Jul-07	4,500.00	4,500.00	Bullet - 05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS INST A Cash Plus Fund	9-Jul-07	1,850.00	1,850.00	Bullet - 05/07/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Money Plus Fund	9-Jul-07	1,750.00	1,750.00	Bullet - 05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS Credit Opportunities Cash Fund	9-Jul-07	1,000.00	1,000.00	Bullet - 05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS Ultra Short Term Fund	9-Jul-07	500.00	500.00	Bullet - 05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS Fixed Term Fund Series 41	9-Jul-07	400.00	400.00	Bullet - 05/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 36M June 2007	9-Jul-07	1,590.00	1,590.00	Bullet - 09/07/2010
UTI-Retirement Benefit Pension Fund	9-Jul-07	1,500.00	1,500.00	Bullet - 09/07/2010
Oscar Investments Limited	9-Jul-07	1,500.00	1,500.00	Bullet - 09/07/2010
HDFC Standard Life Insurance Company Limited	9-Jul-07	1,000.00	1,000.00	Bullet - 09/07/2010
Reliance General Insurance Company Limited	9-Jul-07	500.00	500.00	Bullet - 09/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 17M November 2008(1)	9-Jul-07	500.00	500.00	Bullet - 09/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 18M October 2008(1)	9-Jul-07	200.00	200.00	Bullet - 09/07/2010
HDFC Trustee Company Limited A/C HDFC Cash Management Fund	9-Jul-07	200.00	200.00	Bullet - 09/07/2010

**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

Particulars	Date of Allotment	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
Treasury Advantage Plan				
HDFC Trustee Company Limited A/C HDFC FMP 16M December 2008(1)	9-Jul-07	10.00	10.00	Bullet - 09/07/2010
UTI-Liquid Cash Plan	18-Jul-07	15,000.00	10,000.00	Bullet - 17/07/2009
Union Bank of India	30-Jul-07	2,500.00	2,500.00	Bullet - 30/07/2009
ICICI Prudential Flexible Income Plan	25-Jul-07	3,350.00	3,350.00	Bullet - 25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 46- One Year Plan A	25-Jul-07	1,800.00	1,800.00	Bullet - 25/07/2010
Fortis Money Plus Fund	25-Jul-07	1,500.00	1,500.00	Bullet - 25/07/2010
ICICI prudential fixed Maturity Plan- Series 38- Two Year Plan	25-Jul-07	1,110.00	1,110.00	Bullet - 25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 46- Two Year Plan C	25-Jul-07	1,040.00	1,040.00	Bullet - 25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 41- Sixteen Months Plan	25-Jul-07	880.00	880.00	Bullet - 25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 44- One Year Plan D	25-Jul-07	820.00	820.00	Bullet - 25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 44- One Year Plan A	25-Jul-07	600.00	600.00	Bullet - 25/07/2010
Fortis Fixed Term Plan Series 12- Plan A	25-Jul-07	500.00	500.00	Bullet - 25/07/2010
Fortis Fixed Term Plan Series 13- Plan A	25-Jul-07	500.00	500.00	Bullet - 25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 44- One Year Plan B	25-Jul-07	400.00	400.00	Bullet - 25/07/2010
UTI FTIF S-IV P-V- M-13	28-Aug-07	1,700.00	1,700.00	Bullet - 28/04/2009
UTI FTIF Series III PLAN 20	28-Aug-07	800.00	800.00	Bullet - 28/04/2009
HDFC Standard Life Insurance Company Limited	11-Jul-07	1,000.00	1,000.00	Bullet - 09/07/2010
AXIS Bank Limited	25-Jul-07	2,500.00	2,500.00	Bullet - 25/07/2010
DSP Blackrock Money Manager Fund	7-Sep-07	2,500.00	2,500.00	Bullet - 04/09/2009
DSP Blackrock FMP 18M Series 1	7-Sep-07	1,500.00	1,500.00	Bullet - 04/09/2009
UTI Unit Linked Insurance Plan	10-Sep-07	1,000.00	1,000.00	Bullet - 10/09/2010
UTI Short Term FMP SR-1- 3 (251 D)	10-Sep-07	1,350.00	1,350.00	Bullet - 10/09/2010
UTI CCP Advantage Fund	10-Sep-07	150.00	150.00	Bullet - 10/09/2010

**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

Particulars	Date of Allotment	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
Axis Bank Limited	21-Sep-07	2,500.00	2,500.00	Bullet - 21/09/2010
DSP Blackrock Money Manager Fund	13-Sep-07	1,000.00	1,000.00	Bullet - 13/09/2009
UTI Children's Career Balanced Plan	05-Oct-07	2,000.00	2,000.00	Bullet - 05/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 41	5-Oct-07	880.00	880.00	Bullet - 05/10/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 45	5-Oct-07	380.00	380.00	Bullet - 05/10/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 47	5-Oct-07	240.00	240.00	Bullet - 05/10/2010
Templeton India Short - Term Income Plan	12-Oct-07	1,700.00	1,700.00	Bullet - 28/09/2009
Templeton India Ultra Short Bond Fund	12-Oct-07	800.00	800.00	Bullet - 28/09/2009
Axis Bank Limited	15-Oct-07	2,000.00	2,000.00	Bullet - 15/10/2010
DSP Blackrock Money Manager Fund	19-Oct-07	4,000.00	4,000.00	Bullet- 18/10/2010
Templeton India Short - Term Income Plan	19-Oct-07	2,000.00	2,000.00	Bullet- 18/10/2010
UTI- Retirement Benefit Pension Fund	19-Oct-07	1,900.00	1,900.00	Bullet- 18/10/2010
Morgan Stanley India Capital Private Limited	19-Oct-07	1,000.00	1,000.00	Bullet- 18/10/2010
UTI- Unit Scheme for Charitable and Religious Trusts and Registered Societies	19-Oct-07	600.00	600.00	Bullet- 18/10/2010
FT India Monthly Income Plan	19-Oct-07	500.00	500.00	Bullet- 18/10/2010
HDFC Trustee Company Limited- A/C HDFC FMP 18 M September 2007	19-Oct-07	1,000.00	1,000.00	Bullet- 18/10/2009
HDFC Trustee Company Limited- A/C HDFC FMP 18 M October 2007	19-Oct-07	1,000.00	1,000.00	Bullet- 18/10/2009
ICICI-Prudential Fixed Maturity Plan Series 41-Nineteen Months Plan	22-Oct-07	2,500.00	2,500.00	Bullet- 22/10/2009
UTI- Liquid Cash Plan	19-Oct-07	2,500.00	2,500.00	Bullet- 19/10/2010
UTI - Treasury Advantage Fund	19-Oct-07	2,360.00	2,360.00	Bullet- 19/10/2010
UTI-Money Market Fund	19-Oct-07	140.00	140.00	Bullet- 19/10/2010
ICICI Prudential Fixed Maturity Plan Series 41- Nineteen Months Plan	19-Oct-07	2,350.00	2,350.00	Bullet- 18/10/2009

**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

Particulars	Date of Allotment	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
HDFC Trustee Company Limited- A/C HDFC FMP 18M October 2007	19-Oct-07	1,500.00	1,500.00	Bullet - 18/10/2009
ICICI Prudential Flexible Plan	19-Oct-07	1,250.00	1,250.00	Bullet - 18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Credit Opportunities Cash Fund	19-Oct-07	1,000.00	1,000.00	Bullet - 18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Ultra Short Term Fund	19-Oct-07	500.00	500.00	Bullet - 18/10/2009
ICICI Prudential Fixed Maturity Plan Series 43- Thirteen Months Plan C	19-Oct-07	400.00	400.00	Bullet - 18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 17	19-Oct-07	350.00	350.00	Bullet - 18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Ultra Short Term Fund Series 53	19-Oct-07	310.00	310.00	Bullet - 18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Ultra Short Term Fund Series 45	19-Oct-07	200.00	200.00	Bullet - 18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Insta Cash Plus Fund	19-Oct-07	140.00	140.00	Bullet - 18/10/2009
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-VIII	09-Oct-07	2,500.00	2,500.00	Bullet - 09/10/2009
Principal Trustee Company Private Limited A/C Principal Mutual Fund Principal Floating Rate Fund Flexible Maturity Plan (FMP)	30-Oct-07	2,500.00	2,500.00	Bullet - 30/10/2009
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund Series-VII	30-Oct-07	2,100.00	2,100.00	Bullet - 30/10/2009
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-IX	30-Oct-07	400.00	400.00	Bullet - 30/10/2009
Life Insurance Corporation Of India	30-Oct-07	15,000.00	15,000.00	Bullet - 03/05/2011
UTI- Senior Citizens Unit Plan	6/20/2008	2,970.00	2,970.00	Bullet - 20/06/2011
UTI- Unit Scheme For Charitable And Religious Trusts And Registered Societies	6/20/2008	2,500.00	2,500.00	Bullet - 20/06/2011
UTI- Children's Career Balanced Plan	6/20/2008	2,500.00	2,500.00	Bullet - 20/06/2011
UTI- Retirement Benefit Pension Fund	6/20/2008	1,500.00	1,500.00	Bullet - 20/06/2011

**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

Particulars	Date of Allotment	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
UTI- Unit Linked Insurance Plan	6/20/2008	530.00	530.00	Bullet - 20/06/2011
Reliance capital Trustee Company Limited Reliance Fixed Horizon Fund- IX	8/18/2008	11,000.00	11,000.00	Bullet - 06/03/2010
Citigroup Global Markets Mauritius Private Limited	8/18/2008	10,000.00	10,000.00	Bullet - 06/03/2010
Citicorp Capital Markets Limited	8/18/2008	5,000.00	5,000.00	Bullet - 06/03/2010
HDFC Trustee Company Limited A/C HDFC Cash Management Fund Treasury Advantage Plan	8/18/2008	3,000.00	3,000.00	bullet- 06/03/2010
Franklin Templeton Fixed Tenure Fund Series VI-60 Months Plan	9/4/2008	2,180.00	2,180.00	Bullet - 04/04/2010
Templeton Fixed Horizon Fund- Series XI Plan H	9/4/2008	600.00	600.00	Bullet - 04/04/2010
FT India Monthly Income Plan	9/4/2008	480.00	480.00	Bullet - 04/04/2010
Templeton Fixed Horizon Fund-Series IV Plan A	9/4/2008	140.00	140.00	Bullet - 04/04/2010
Franklin Templeton Fixed Tenure Fund Series I-60 Month	9/4/2008	100.00	100.00	Bullet - 04/04/2010
Templeton Fixed Horizon Fund Series IX- Plan E	9/4/2008	1,500.00	1,500.00	Bullet - 20/02/2010
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund- IX	9/4/2008	5,000.00	5,000.00	Bullet - 04/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 20M August 2008	9/4/2008	4,300.00	4,300.00	Bullet - 04/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 18M October 2008(1)	9/4/2008	700.00	700.00	Bullet - 04/09/2010
Sundaram BNP Paribas Mutual Fund A/C Sundaram BNP Paribas Fixed Term Plan 367 Days Series-4	9/5/2008	7,500.00	7,500.00	Bullet - 10/09/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund- Series 59	9/8/2008	2,800.00	2,800.00	Bullet - 08/09/2010
Lotus India Trustee Company Private Limited- A/C Lotus India Long Term Fixed Maturity Plan Series I- Plan A	9/8/2008	110.00	110.00	Bullet - 08/09/2010
Lotus India Trustee Company Private Limited- A/C Lotus India Liquid Plus Fund	9/8/2008	80.00	80.00	Bullet - 08/09/2010
Lotus India Trustee Company Private Limited- A/C Lotus India Active Income Fund	9/8/2008	10.00	10.00	Bullet - 08/09/2010
Axis Bank Limited	9/15/2008	1,500.00	1,500.00	Bullet - 15/09/2011

**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

Particulars	Date of Allotment	Disbursed Amount	Bal. as on March 31, 2009	Repayment Terms
Axis Bank Limited	9/15/2008	1,500.00	1,500.00	Bullet - 15/09/2010
Templeton Fixed Horizon Fund Series XI- Plan G	9/15/2008	1,650.00	1,650.00	Bullet - 15/03/2010
Franklin Templeton Mutual Fund A/C Templeton Floating Rate Income Fund Long Term Plan	9/15/2008	850.00	850.00	Bullet - 15/03/2010
Axis Bank Limited	9/15/2008	2,500.00	2,500.00	Bullet - 15/09/2010
Axis Bank Limited	9/16/2008	2,500.00	2,500.00	Bullet - 16/09/2011
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-X	9/15/2008	2,200.00	2,200.00	Bullet - 15/03/2010
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-IX	9/15/2008	300.00	300.00	Bullet - 15/03/2010
UTI FTIF SR- V Plan II(20 MTS)	9/15/2008	1,500.00	1,500.00	Bullet - 30/04/2010
ICICI Prudential Fixed Maturity Plan-Series 45- Three Years Plan	9/17/2008	8,000.00	8,000.00	Bullet - 01/09/2011
HDFC Trustee Company Limited A/C HDFC FMP 22M September 2008	9/24/2008	2,500.00	2,500.00	Bullet - 24/09/2010
HDFC Trustee Company Limited A/C High Interest Fund Short Term Plan	9/26/2008	700.00	700.00	Bullet - 26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 17M November 2008(1)	9/26/2008	600.00	600.00	Bullet - 26/09/2010
HDFC Trustee Company Limited HDFC MF Monthly Income Plan Short Term Plan	9/26/2008	550.00	550.00	Bullet - 26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 22M September 2008	9/26/2008	360.00	360.00	Bullet - 26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 18M October 2008 (2)	9/26/2008	190.00	190.00	Bullet - 26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 16M December 2008 (1)	9/26/2008	100.00	100.00	Bullet - 26/09/2010
UTI- FTIF SR V PLAN III (24 MTS)	9/26/2008	1,300.00	1,300.00	Bullet - 10/09/2010
UTI Unit Linked Insurance Plan	9/26/2008	200.00	200.00	Bullet - 10/09/2010
Sundaram BNP Paribas mutual Fund A/C Sundaram BNP Paribas Fixed Term Plan 18 Months Series L	10/8/2008	700.00	700.00	Bullet - 06/04/2010
Sundaram BNP Paribas Mutual Fund A/C Sundaram BNP Paribas Ultra Short Term Fund	10/8/2008	300.00	300.00	Bullet - 06/04/2010
ICICI Prudential Fixed Maturity Plan-Series 45-Twenty Months Plan	10/8/2008	190.00	190.00	Bullet - 06/04/2010
ICICI Prudential Short Term Plan	10/8/2008	10.00	10.00	Bullet - 06/04/2010



**D Privately placed Redeemable Non Convertible Debenture of Rs 1,000,000 each** **Rs in Lacs**

<b>Particulars</b>	<b>Date of Allotment</b>	<b>Disbursed Amount</b>	<b>Bal. as on March 31, 2009</b>	<b>Repayment Terms</b>
ICICI Prudential Real Estate Securities Fund	10/24/2008	5,000.00	5,000.00	Bullet - 10/12/2010
Life Insurance Corporation Of India	11/3/2008	30,000.00	30,000.00	Bullet - 27/10/2013
General Insurance Corporation Of India	11/26/2008	1,000.00	1,000.00	Bullet - 26/11/2013
Standard Chartered Bank (Mauritius) Limited Debt	12/17/2008	19,000.00	19,000.00	Bullet - 17/12/2009
CMNK Consultancy & Services Private Limited-B26	3/25/2009	2,400.00	2,400.00	Bullet - 25/03/2010
Take Solutions Limited -B24	3/24/2009	2,400.00	2,400.00	Bullet - 24/03/2010
Take Solutions Limited - B25	3/25/2009	200.00	200.00	Bullet - 25/03/2010
United Bank Of India-C5	3/28/2009	5,000.00	5,000.00	Bullet - 28/03/2012
<b>Total</b>		<b>290,700.00</b>	<b>285,700.00</b>	



**E Privately placed Redeemable Non Convertible Debenture of Rs 1,000 each**

**Rs in Lacs**

Particulars	Balance as on 31.03.2009	Repayment Terms
Retail Debentures	196,979.34	Redeemable at par over a period 12 to 160 months
<b>Total Secured Loans (A+B+C+D+E)</b>	<b>1,677,459.31</b>	

**Notes:**

- 1 Security
  - a. Loans aggregating to Rs. 1,189,918.20 Lacs are secured by loan Receivables.
  - b. Loans aggregating to Rs. 4,855.41 Lacs are secured by Wind mills/biomass plant.
  - c. Loans aggregating to Rs. 6.36 Lacs are secured by Vehicles.  
Loans aggregating to Rs. 196,979.34 Lacs are secured by equitable mortgage of title deeds of immovable property and secured by charge on fixed assets and hypothecation of loan receivables
  - d. Loans aggregating to Rs. 285,700.00 Lacs are secured by equitable mortgage of title deeds of immovable property and hypothecation of loan receivables
  - e.
- 2 Terms as regards Interest/Pre-payment:
  - a. The Fixed Interest bearing Loans aggregate to Rs. 738,299.45 Lacs and the floating interest bearing loans aggregate to Rs. 939,159.86 Lacs. Out of fixed interest bearing loans Rs. 27,849.77 Lacs are hedged.
  - b. Out of the above, loans aggregating to Rs. 159,371.30 Lacs have an interest reset option.
  - c. Loans aggregating to Rs. 577,817.64 Lacs have a Pre-payment option upon payment of stipulated charges.
  - d. Loans aggregating to Rs. 325,451.87 Lacs have a Pre-payment option without payment of charges.
- 3 Redeemable Non convertible Debentures aggregating to Rs. 24,000.00 Lacs have both Call & Put option.
- 4 Redeemable Non convertible Debentures - retail aggregating to Rs. 22,160.25 Lacs have Put option and Rs. 196,979.34 Lacs have Call option
- 5 Loans aggregating to Rs. 30,000.00 Lacs have call option.
- 6 The bankers have a right to appoint a nominee director in case of loans aggregating to Rs. 208,962.67 Lacs.



Annexure X

Unsecured Loans

Rs in Lacs

	Name of Financer / Bank	Date of disbursement/allotment	Disbursed Amount / Face value	Bal. as on 31.03.2009	Repayment Terms	
A	<b>Redeemable non-convertible debentures</b>					
	DSP Merrill Lynch Mutual Fund	25-Sep-07	2,500.00	2,500.00	Bullet -25/09/2010	
			<b>2,500.00</b>	<b>2,500.00</b>		
B	<b>Commercial Papers</b>					
	Deutsche Trustee Services (I) Private Limited A/C DWS Fixed Term Fund Series 48	16-Apr-08	2,950.00	2,950.00	Bullet -15/04/2009	
	RHC Holding Private Limited	30-May-08	4,500.00	4,500.00	Bullet-05/05/2009	
	TITCO Limited-Taurus MF-Taurus Short Term Bond Fund	30-May-08	500.00	500.00	Bullet-05/05/2009	
	The Federal Bank Limited	22-Dec-08	1,500.00	1,500.00	Bullet-19/06/2009	
	LICMF Liquid Fund	29-Dec-08	20,000.00	20,000.00	Bullet-28/12/2009	
	JM Financial Mutual Fund JM Money Manager Fund Super Plus Plan	25-Feb-09	7,300.00	7,300.00	Bullet-16/06/2009	
	JM Financial Mutual Fund -JM Fixed Maturity-Series IX-15 Months Plan Fund Super Plus Plan	25-Feb-09	2,200.00	2,200.00	Bullet-16/06/2009	
	JM Financial Mutual Fund -JM Fixed Maturity Fund-Series XI-Yearly Plan Fund Super Plus Plan	25-Feb-09	2,000.00	2,000.00	Bullet-16/06/2009	
	Lotus India Trustee Company Private Limited-A/C Lotus India Liquid Fund	2-Mar-09	4,500.00	4,500.00	Bullet-29/05/2009	
	BATSPI A/C Bharti AXA Liquid Fund	2-Mar-09	500.00	500.00	Bullet-29/05/2009	
	Benchmark MF-Liquid BEES Investment Account	19-Mar-09	1,500.00	1,500.00	Bullet-19/06/2009	
	BATSPL A/C Bharti AXA Treasury Advantage Fund	19-Mar-09	500.00	500.00	Bullet-19/06/2009	
	Quantum Liquid Fund	19-Mar-09	300.00	300.00	Bullet-19/06/2009	
				<b>48,250.00</b>	<b>48,250.00</b>	
	C	<b>Subordinated Debts</b>				
		A K Capital Services Limited	11-Dec-08	3,000.00		Bullet-11/03/2014



**Annexure X**

**Unsecured Loans**

**Rs in Lacs**

<b>Name of Financer / Bank</b>	<b>Date of disbursement/allotment</b>	<b>Disbursed Amount / Face value</b>	<b>Bal. as on 31.03.2009</b>	<b>Repayment Terms</b>
			3,000.00	
Bangiya Gramin Vikas Bank	15-Dec-08	300.00	300.00	Bullet-15/03/2014
Bank of Baroda	11-Dec-08	2,000.00	2,000.00	Bullet-11/03/2014
Bank of India	1-Feb-08	1,500.00	1,500.00	Bullet-01/05/2013
Bank of India	17-Mar-08	1,500.00	1,500.00	Bullet-17/09/2013
Central bank of India	17-Jan-09	500.00	500.00	Bullet-17/04/2014
Century Textiles & Industries Limited	29-Dec-08	7.00	7.00	Bullet-29/12/2018
Chattisgarh State Elec Board	7-Nov-08	1,500.00	1,500.00	Bullet-07/11/2018
CSEB-Reliance Capital	5-Nov-08	2,000.00	2,000.00	Bullet-05/11/2018
Darashaw & Company Limited	4-Aug-08	5,000.00	5,000.00	Bullet-04/08/2018
Delhi Development Authority	5-Nov-08	200.00	200.00	Bullet-05/11/2018
Delhi Development Authority	5-Nov-08	800.00	800.00	Bullet-05/11/2018
Jacobs H & G Private Limited	26-Nov-08	10.00	10.00	Bullet-26/02/2014
Karnataka Power Corporation Limited	23-Dec-08	200.00	200.00	Bullet-23/03/2014
LIC MF	24-Mar-08	2,500.00	2,500.00	Bullet-24/06/2013
LIC MF	2-May-08	2,500.00	2,500.00	Bullet-03/10/2013
LIC MF	24-Mar-08	2,500.00	2,500.00	Bullet-24/06/2013
Maihar Cement EPF	29-Dec-08	30.00	30.00	Bullet-29/12/2018
Manikgarh CEM EMP SW Trust	29-Dec-08	4.00	4.00	Bullet-29/12/2018
Oriental Bank Of Commerce	30-Nov-07	1,000.00	1,000.00	Bullet-31/05/2013
UCO Bank	27-Mar-08	1,000.00	1,000.00	Bullet-27/06/2013
UCO Bank	26-Nov-08	5,000.00	5,000.00	Bullet-26/02/2014
UTI MF	29-Jan-08	2,500.00	2,500.00	Bullet-29/07/2013



Annexure X

Unsecured Loans

Rs in Lacs

Name of Financer / Bank	Date of disbursement/allotment	Disbursed Amount / Face value	Bal. as on 31.03.2009	Repayment Terms
		<b>35,551.00</b>	<b>35,551.00</b>	
<b>D</b> Term Loan from Banks				
Axis Bank Limited	20-May-08	10,000.00	10,000.00	Bullet-19/05/2009
Hongkong and Shanghai Banking Corp	21-Sep-07	22,500.00	8,000.00	3 unequal installments
ICICI Bank Limited	26-Sep-07	10,000.00	10,000.00	Bullet -26/09/2009
JP Morgan Chase N A	5-Jun-08	5,000.00	5,000.00	Bullet -02/09/2009
Kotak Mahindra Bank Limited	26-Sep-06	5,000.00	5,000.00	Bullet -26/09/2009
Kotak Mahindra Bank Limited	27-Dec-06	5,000.00	5,000.00	Bullet -27/12/2009
Kotak Mahindra Bank Limited	28-Sep-07	10,000.00	10,000.00	Bullet -27/09/2010
		<b>67,500.00</b>	<b>53,000.00</b>	
<b>E</b> Term Loan from Institutions				
JP Morgan Securities Private Limited	4-Jun-08	5,000.00	5,000.00	Bullet -02/09/2009
JP Morgan Securities Private Limited	4-Jun-08	5,000.00	5,000.00	Bullet -02/09/2009
Kotak Mahindra Prime Limited	16-Mar-07	5,000.00	5,000.00	Bullet -10/04/2010
Kotak Mahindra Prime Limited	16-Mar-07	11,000.00	11,000.00	Bullet -16/06/2010
Kotak Mahindra Prime Limited	30-Mar-07	16,500.00	16,500.00	Bullet -30/06/2010
Kotak Mahindra Prime Limited	20-Mar-07	7,500.00	7,500.00	Bullet -22/09/2010
Kotak Mahindra Prime Limited	30-May-07	1,000.00	1,000.00	Bullet -26/11/2009
Kotak Mahindra Prime Limited	22-Jul-08	10,000.00	10,000.00	Bullet -22/07/2011
Kotak Mahindra Prime Limited	24-Jul-08	10,000.00	10,000.00	Bullet -25/07/2011
		<b>71,000.00</b>	<b>71,000.00</b>	
<b>F</b> Inter corporate Deposits				
Shakti Finance	13-Feb-08	31.68	17.04	12 Quarterly installments
Shakti Finance	26-Feb-08	88.97	40.12	16 Quarterly installments



**Annexure X**

**Unsecured Loans**

**Rs in Lacs**

Name of Financer / Bank	Date of disbursement/allotment	Disbursed Amount / Face value	Bal. as on 31.03.2009	Repayment Terms
Shriram General Insurance	16-Jun-08	400.00	400.00	Bullet -15/06/2009
Shriram Holdings Madras Private Limited	8-Dec-08	2,200.00	2,200.00	Bullet -07/06/2009
Shriram Holdings Madras Private Limited	20-Dec-08	2,000.00	2,000.00	Bullet -07/06/2009
		4,720.65	4,657.16	
<b>G</b> Fixed Deposits - retail investors			488.44	Redeemable at par over a period 12 to 60 months
<b>H</b> Subordinated Debts - retail investors			119,225.25	Redeemable at par over a period 61 to 80 months
<b>Total Unsecured Loans(A+B+C+D+E+F+G+H)</b>			<b>334,671.85</b>	

Notes:

- 1 Terms as regards Interest/Pre-payment:  
The Fixed Interest bearing Loans aggregate to Rs. 237,171.85 Lacs and the floating interest bearing loans aggregate to Rs. 97,500.00 Lacs.
- a Loans aggregating to Rs. 90,000.00 Lacs have an interest reset option.
- b Loans aggregating to Rs. 128,600.00 Lacs have a Pre-payment option upon payment of stipulated charges.
- 2 Term Loans and Non convertible Debentures aggregating to Rs. 82,500.00 Lacs have both Call & Put option.
- 3 Fixed Deposits aggregating to Rs. 488.44 Lacs have Put option.
- 4 The bankers have a right to appoint a nominee director in case of loans aggregating to Rs. 50,000.00 Lacs.

**CAPITALIZATION STATEMENT**
**Annexure XI  
(Rs. In Lacs)**

Particulars	Pre issue as at 31st March 2009 (Audited)	As adjusted for issue
<b><u>Debt</u></b>		
Short Term Debt	312,885.35	312,885.35
Long Term Debt	1,699,245.81	1,799,245.81
<b>Total</b>	<b>2,012,131.16</b>	<b>2,112,131.16</b>
<b><u>Share holders Fund</u></b>		
Share Capital	20,353.56	20,353.56
Stock Option Outstanding	2,138.90	2,138.90
Optionally Convertible warrants	2,400.00	2,400.00
Share application money pending allotment	13.80	13.80
Reserves & Surplus (Refer Annexure IV - Schedule 10)	206,757.34	206,757.34
<b>Total of Share holders Fund</b>	<b>231,663.60</b>	<b>231,663.60</b>
<b>Long Term Debt /Equity Ratio</b>	<b>7.33</b>	<b>7.77</b>

**Annexure XII**
**Statement of Tax Shelter**
**(Rs in Lacs)**

Particulars	For the year ended 31st March				
	2009	2008	2007	2006	2005
Profit as per accounting books	92,063.11	60,583.30	28,922.42	21,616.87	7,786.89
Tax Rate	33.99%	33.99%	33.66%	33.66%	36.59%
Tax on Accounting Profit	31,292.25	20,592.26	9,735.29	7,276.24	2,849.42
<b>Permanent Differences</b>					
Donation	52.80	49.91	49.84	42.68	28.19
Exempt Dividend Income	(486.91)	(519.33)	(20.84)	(2.12)	(0.06)
Disallowance u/s 14A	50.00	51.54	-	-	-
Others	2,981.77	976.23	(60.50)	406.94	18.52
<b>Sub Total (A)</b>	<b>2,597.66</b>	<b>558.35</b>	<b>(31.50)</b>	<b>447.50</b>	<b>46.65</b>
<b>Temporary Differences</b>					
Disallowances U/s 43B	227.65	120.73	5.66	5.24	-
Principle recovery on assets given on lease offered to tax	5,161.30	11,789.49	9,740.08	(4,266.00)	5,808.89
Depreciation and other items relating to fixed assets	2,171.77	1,360.28	445.81	(4,716.21)	(10,084.97)
Depreciation and Lease adjustments	7,333.07	13,149.77	10,185.89	(8,982.21)	(4,276.08)
Additional finance charges (offered to Income tax on cash basis)	-	-	-	-	87.09
Deferred Revenue Expenses	-	92.88	98.95	193.14	163.73
Service tax write off	1,303.34	1,777.35	2,721.92	1,756.60	171.91
Delinquency Provision for Securitisation	4,464.01	511.64	970.33	-	-
Others	(5,020.77)	838.87	42.61	2,741.49	21.25
<b>Sub Total (B)</b>	<b>8,307.30</b>	<b>16,491.24</b>	<b>14,025.36</b>	<b>(4,285.74)</b>	<b>(3,832.10)</b>
<b>Net Adjustments (A+B)</b>	<b>10,904.96</b>	<b>17,049.59</b>	<b>13,993.86</b>	<b>(3,838.24)</b>	<b>(3,785.45)</b>
Tax Impact on Net Adjustments	3,706.60	5,795.16	4,710.33	(1,291.95)	(1,385.19)

**Annexure XII****Statement of Tax Shelter****(Rs in Lacs)**

<b>Particulars</b>	<b>For the year ended 31st March</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Total Taxation	34,998.86	26,387.42	14,445.62	5,984.29	1,464.23
Current Tax Provision for the year	34,998.86	26,387.42	14,445.62	5,984.29	1,464.23

Notes:

1. Profits after tax are often affected by the tax shelters which are available.
2. Some of these are of a relatively permanent nature while others may be limited in point of time.
3. Tax provisions are also affected by timing differences which can be reversed in future.

## Annexure XIII - Significant Accounting Policies and Notes to Accounts

### 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 by Companies (Accounting Standards) Amended Rules, 2009, 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 period 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 periods.

#### (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

## Significant Accounting Policies

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 fair 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**

Secured loans and lease receivables are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. 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 March 31, 2009 and stocks 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.

#### ***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**

## Significant Accounting Policies

### Initial recognition

Transactions in foreign currency entered 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. Income on hire purchase /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 as per the terms of the Power Purchase Agreements with State Electricity Boards and on supply of power to the grid.
- vi. Income from services is recognized as per the terms of the contract on accrual basis.
- vii. Interest income on fixed deposits, 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 dealt with at the time of actual sale/redemption.

**(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 annually for assessing liability as at the balance sheet 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.

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 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 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.

**(p) Cash and cash equivalents**

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

**(q) Deferred revenue expenditure**

Expenses on issue of equity shares are written off over a period of 10 years.

**(r) Expenses on deposits / debentures**

Expenses on mobilization of deposits / debentures are charged to Profit & Loss account in the year in which they are incurred.

**(s) Derivative instruments**

The Company uses derivative financial instruments of interest rate swaps to hedge its risks associated with fluctuations in the interest rate.

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

**(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.

**Notes to Accounts for the year 2008 - 2009**

**1. Secured Loans**

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

	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
Number	196,97,934	151,65,476
Amount Rs in Lacs	196,979.34	151,654.76

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 book debts, leased assets, loans, advances and other 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.

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

<b>Date of Allotment/renewal</b>	<b>Amount (Rs. in Lacs)</b>		<b>Redeemable at par on</b>
	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>	
14.12.2006	-	5,000.00	18.04.2008
18.01.2007	-	11,000.00	18.07.2008
21.06.2007	-	2,500.00	19.12.2008
27.06.2007	-	2,500.00	27.02.2009
27.06.2007	-	2,500.00	26.12.2008
04.07.2007	5,000.00	5,000.00	04.07.2009
05.07.2007	15,000.00	15,000.00	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	15,000.00	17.07.2009
25.07.2007	15,000.00	15,000.00	25.07.2010
30.07.2007	2,500.00	2,500.00	30.07.2009
28.08.2007	2,500.00	2,500.00	28.04.2009
07.09.2007	4,000.00	4,000.00	04.09.2009
10.09.2007	2,500.00	2,500.00	10.09.2010
13.09.2007	1,000.00	1,000.00	13.09.2009
13.09.2007	-	3,400.00	19.09.2008
17.09.2007	-	3,800.00	17.09.2010
21.09.2007	2,500.00	2,500.00	21.09.2010
05.10.2007	2,000.00	2,000.00	05.10.2009

Date of Allotment/renewal	Amount (Rs. in Lacs)		Redeemable at par on
	As at March 31, 2009	As at March 31, 2008	
*05.10.2007	1,500.00	1,500.00	05.10.2010
09.10.2007	2,500.00	2,500.00	09.10.2009
12.10.2007	2,500.00	2,500.00	28.09.2009
15.10.2007	2,000.00	2,000.00	15.10.2010
18.10.2007	12,000.00	12,000.00	18.10.2010
19.10.2007	5,000.00	5,000.00	19.10.2010
19.10.2007	8,000.00	8,000.00	18.10.2009
22.10.2007	2,500.00	2,500.00	22.10.2009
30.10.2007	5,000.00	5,000.00	30.10.2009
02.05.2008	15,000.00	-	02.05.2011
20.06.2008	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	-	04.09.2010
05.09.2008	7,500.00	-	10.09.2010
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	-	15.03.2010
15.09.2008	2,500.00	-	15.09.2010
15.09.2008	2,500.00	-	15.03.2010
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
27.10.2008	30,000.00	-	27.10.2013
26.11.2008	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



Date of Allotment/renewal	Amount (Rs. in Lacs)		Redeemable at par on
	As at March 31, 2009	As at March 31, 2008	
28.03.2009	5,000.00	-	28.03.2012
<b>TOTAL</b>	<b>2,85,700.00</b>	<b>146,700.00</b>	

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

\*Put/call option on April 3, 2009



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

Date of Allotment/renewal	Amount (Rs. in Lacs)		Redeemable at par on
	As at March 31, 2009	As at March 31, 2008	
18.01.2007	-	0.44	18.01.2009
07.06.2007	-	2,500.00	06.05.2008
20.06.2007	-	500.00	18.06.2008
22.06.2007	-	2,500.00	23.06.2008
07.08.2007	-	5,000.00	30.07.2009
21.09.2007	-	3,400.00	19.09.2008
<b>TOTAL</b>	-	<b>13,900.44</b>	

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 book debts, leased assets, loans, advances and other investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

**b) Term Loans :**

(Rs. in Lacs)

	As at March 31, 2009	As at March 31, 2008
<b>i. From Financial Institutions / Corporates :</b>		
(a) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans	41,893.90	106,342.57
(b) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	1,420.12	1,785.36
(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	963.00
<b>ii. From Foreign Institution:</b>		
Secured by an exclusive charge by way of Hypothecation of specific Loan agreements and all amounts owing to and received by the Company pursuant to the above Agreements	724.27	2,172.80
<b>Total</b>	<b>44,792.69</b>	<b>111,263.73</b>



(Rs. in Lacs)

	As at March 31, 2009	As at March 31, 2008
<b>iii. From Banks :</b>		
(a) Secured by hypothecation of vehicles	6.36	10.07
(b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to lease, hypothecation loans	*830,676.33	*502,000.38
(c) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	969.99	1,202.27
(d) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the bio mass plant.	1,710.90	2,116.56
<b>Total</b>	<b>833,363.58</b>	<b>505,329.28</b>

\*includes Rs.7,500.00 Lacs (March 31, 2008 : Rs 17,065.00 Lacs) the charge in respect of which has since been created.

### c) Cash Credit from Banks

(Rs. in Lacs)

	As at March 31, 2009	As at March 31, 2008
Cash Credit from Banks	*316,623.70	*225,646.66
Secured by hypothecation of specific assets covered under Loan Agreements and Book debts. * includes Nil (March 31, 2008: Rs 31,500.00 Lacs) the charge in respect of which has since been created.		

## 2. Subordinated Debt

The Company has raised Tier II capital by issue of subordinated debt bonds amounting to Rs. 60,553.56 Lacs (March 31, 2008: Rs. 30,516.38 Lacs) with coupon rate of 11.50% to 13% per annum which are redeemable over a period of 62 months to 121 months.

## 3. Cash & Cash Equivalents

(Rs. in Lacs)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Cash & Bank balance	578,489.69	137,420.45
Less : Fixed deposits having original maturity greater than 3 months or pledged with banks or lien marked	117,435.43	70,221.15



deposits		
Balance considered as cash & cash equivalents for cash flow statement	461,054.26	67,199.30



#### 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 departure 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 Standards) Amendment Rules, 2008, 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)

Particulars	Gratuity	
	March 31, 2009	March 31, 2008
Current service cost	99.69	53.25
Interest cost on benefit obligation	33.23	17.24
Expected return on plan assets	NA	NA
Net actuarial (gain) / loss recognised in the year	22.48	101.94
Past service cost	Nil	Nil
<b>Net benefit expense</b>	<b>155.40</b>	<b>172.43</b>
Actual return on plan assets	NA	NA

#### Balance sheet

Details of Provision for gratuity (Rs. in Lacs)

Particulars	Gratuity	
	March 31, 2009	March 31, 2008
Defined benefit obligation	463.92	322.76
Fair value of plan assets	NA	NA
	463.92	322.76
Less: Unrecognised past service cost	Nil	Nil
Plan asset / (liability)	(463.92)	(322.76)

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

(Rs. in Lacs)

Particulars	Gratuity	
	March 31, 2009	March 31, 2008
Opening defined benefit obligation	322.76	174.31
Interest cost	33.23	17.24
Current service cost	99.69	53.25



Benefits paid	(14.24)	(23.98)
Actuarial (gains) / losses on obligation	22.48	101.94
<b>Closing defined benefit obligation</b>	<b>463.92</b>	<b>322.76</b>

The Company would not contribute any amount to gratuity in 2009-10 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:

Particulars	Gratuity	
	March 31, 2009	March 31, 2008
	%	%
Investments with insurer	NA	NA

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

Particulars	Gratuity	
	March 31, 2009	March 31, 2008
Discount Rate	7.75%	8%
Increase in compensation cost	5%	5%
Employee Turnover*	5% and 10%	5% and 10%

The estimates of future salary increases, considered in actuarial valuation, take 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 period are as follows:  
(Rs. in Lacs)

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

5. The Company is a primarily engaged in financing activities. It operates in a single business and geographical segment. The Company also owns windmills and biomass which generate income from sale of electricity and the same has been classified as 'Unallocated reconciling item' as per requirements of AS - 17 on 'Segment Reporting' issued by ICAI.



(Rs. in Lacs)

Particulars	Year ended March 31, 2009			Year ended March 31, 2008		
	Financing Activities	Unallocated reconciling items	Total	Financing Activities	Unallocated reconciling items	Total
Segment Revenue	369,847.71	3,265.26	373,112.97	249,612.56	1,290.12	250,902.68
Segment Results (Profit before tax and after interest on Financing Segment)	92,842.16	(183.61)	92,658.55	62,225.82	(956.50)	61,269.32
Less: Interest on unallocated reconciling items	N.A.	595.44	595.44	N.A.	686.02	686.02
Net profit before tax	92,842.16	(779.05)	92,063.11	62,225.82	(1,642.52)	60,583.30
Less: Income taxes	N.A.	N.A.	30,822.90	N.A.	N.A.	21,600.65
Net profit	N.A.	N.A.	61,240.21	N.A.	N.A.	38,982.65
<b>Other Information:</b>						
Segment assets	2,486,282.78	9,673.31	2,495,956.09	1,813,703.73	10,785.10	1,824,488.83
Unallocated corporate assets			3,017.14			2,372.02
Total Assets	2,486,282.78	9,673.31	2,498,973.23	1,813,703.73	10,785.10	1,826,860.85
Segment liabilities	2,261,942.11	5,352.41	2,267,294.52	1,635,520.68	6,089.70	1,641,610.38
Unallocated corporate liabilities			15.11			3,614.57
Total Liabilities	2,261,942.11	5,352.41	2,267,309.63	1,635,520.68	6,089.70	1,645,224.95
Capital expenditure	3,369.47	Nil	3,369.47	1,266.01	Nil	1,266.01
Depreciation	1,645.69	1,834.90	3,480.59	1,884.86	1,821.11	3,705.97
Other non - cash expenses	33,145.16	590.85	33,736.01	29,713.13	13.73	29,726.86

## 6. Related Party Disclosures

<b><u>Related party where control exists</u></b>	
<b>Subsidiaries</b>	: Shriram Powergen Limited (upto March 27, 2008)
<b><u>Other Related Parties</u></b>	
<b>Enterprises having significant influence over the Company</b>	: Shriram Holdings (Madras) Private Limited Shriram Capital Limited Newbridge India Investments II Limited
<b>Associates</b>	: Shriram Asset Management Company Limited Ashley Transport Services Limited (upto July 3, 2007)
<b>Key Managerial Personnel</b>	: R Sridhar, Managing Director
<b>Relatives of Key Managerial Personnel</b>	: Mrs. Padmapriya Sridhar



(Rs. In Lacs)

	Enterprises having significant influence over the Company		Subsidiaries		Associates		Key Management Personnel \$		Relatives of Key Management Personnel		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>Payments</b>												
Employee benefits for key management personnel	-	-	-	-	-	-	62.99	66.53	-	-	62.99	66.53
Royalty	1,036.45*	623.54*	-	-	-	-	-	-	-	-	1,036.45	623.54
Data Sourcing fees	87.35*	57.95*	-	-	-	-	-	-	-	-	87.35	57.95
Service Charges	524.10*	347.70*	-	-	-	-	-	-	-	-	524.10	347.70
Equity dividend	4,268.58#	2,561.15#	-	-	-	-	4.29	2.52	2.03	1.22	4274.90	2,564.89
Interest on subordinate debt	-	-	-	-	51.19^	101.94^	-	-	-	-	51.19	101.94
Interest on Inter Corporate Deposit	149.52#	-	-	-	-	-	-	-	-	-	149.52	-
Investments in shares	-	-	-	-	-	30.00@	-	-	-	-	-	30.00
Rent paid	57.60*	58.80*	-	-	-	-	-	-	-	-	57.60	58.80
<b>Receipts</b>												
Sale of investments	-	-	-	4.99	-	112.50@	-	-	-	-	-	117.49
Subscription of equity shares	-	6,955.20#	-	-	-	-	-	-	-	-	-	6,955.20
Subscription to optionally convertible warrants	-	2,400.00#	-	-	-	-	-	-	-	-	-	2,400.00
Inter Corporate Deposit	4,200#	-	-	-	-	-	-	-	-	-	4,200.00	-
Rent & electricity	-	-	-	-	5.40^	5.40^	-	-	-	-	5.40	5.40
<b>Balance outstanding at the year end</b>												
Share capital	8,537.15#	8,537.15#	-	-	-	-	8.58	8.40	4.05	4.05	8,549.78	8,549.60
Share warrants	2,400.00#	2,400.00#	-	-	-	-	-	-	-	-	2,400.00	2,400.00
Investments in shares	-	-	-	-	240.00^	240.00^	-	-	-	-	240.00	240.00
Outstanding expenses	67.17*	62.18*	-	-	-	-	-	30.00	-	-	67.17	92.18
Inter Corporate Deposits	4,200.00#	-	-	-	-	-	-	-	-	-	4,200.00	-
Rent Deposit given	49.00*	49.00*	-	-	-	-	-	-	-	-	49.00	49.00
Interest payable on ICD	149.52#	-	-	-	-	-	-	-	-	-	149.52	-
Interest payable on subordinate debt	-	-	-	-	29.36^	233.22^	-	-	-	-	29.36	233.22

\$	Includes Managing Director, Whole time director, manager and other managerial personnel		
*	Denotes transactions with Shriram Capital Limited		
#	Denotes transactions with Shriram Holdings (Madras) Private Limited		
^	Denotes transactions with Shriram Asset Management Company Limited		
@	Denotes transactions with Ashley Transport Services Limited		
<b>7.</b>	<b>Leases</b>		
	<u>In case of assets given on lease</u>		
	The Company has given vehicles on finance lease. The lease term is for 3 to 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.		
			(Rs. in Lacs)
		<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
	Total gross investment in the lease	-	6,539.13
	Less : Unearned finance income	-	800.06
	Less: Unguaranteed residual value	-	-
	Present value of minimum lease payments	-	5,739.07
	<b>Gross investment in the lease for the period :</b>		
	Not later than one year [Present value of minimum lease payments receivable Rs. Nil as on March 31, 2009 (March 31, 2008: Rs.5,388.35 Lacs)]	-	6,164.18
	Later than one year but not later than five years [Present value of minimum lease payments Rs. Nil as on March 31, 2009 (March 31, 2008 : Rs. 350.72 Lacs)]	-	374.95
	Later than five years [Present value of minimum lease payments Nil as on March 31, 2009 (March 31, 2008: Nil)]	-	-
	<u><b>In case of assets taken on lease</b></u>		
	The Company has taken various premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the profit & loss account are Rs.2,636.98 Lacs (March 31, 2008: Rs.1,475.33 Lacs). Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. 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)
		<b>Year ended March 31, 2009</b>	<b>Year ended March 31, 2008</b>
	<i>Minimum Lease Payments:</i>		
	Not later than one year	408.16	334.18
	Later than one year but not later than five years	149.80	468.61
	Later than five years	Nil	Nil

## 8. Investments

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.283.00 Lacs (March 31, 2008: Rs. 427.44 Lacs) in favour of trustees representing the public deposit holders of the Company.

## 9. Earnings per share

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Net Profit after tax as per profit and loss account (Rs. in Lacs) (A)	61,240.21	38,982.65
Weighted average number of equity shares for calculating Basic EPS (in Lacs) (B)	2,033.80	1,924.01
Weighted average number of equity shares for calculating Diluted EPS (in Lacs) (C)	2,138.29	1,977.76
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	30.11	20.26
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	28.64	19.71

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Weighted average number of equity shares for calculating EPS (in Lacs)	2,033.80	1,924.01
Add : Equity shares arising on conversion of optionally convertible warrants (in Lacs)	80.00	23.83
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in Lacs)	24.49	29.92
Weighted average number of equity shares in calculation diluted EPS (in Lacs)	2,138.29	1,977.76

## 10. Deferred Tax Liabilities/(Assets) (Net)

(Rs in

Lacs)

The break up of deferred tax asset / liabilities is as under:-	As at March 31, 2009	As at March 31, 2008
<b><u>Deferred Tax Liabilities</u></b>		
<i>Timing difference on account of :</i>		
Differences in depreciation in block of fixed assets as per tax books and financial books	2,482.17	2,755.33
Effect of lease accounting	Nil	1,753.86
<b>Gross Deferred Tax Liabilities (A)</b>	<b>2,482.17</b>	<b>4,509.19</b>
<b><u>Deferred Tax Asset</u></b>		
<i>Timing difference on account of :</i>		
Expenses disallowed under Income Tax Act, 1961	3,100.49	173.47
Provision for securitization	2,021.16	503.73
Provision for hedging contracts	Nil	239.78

	<i>Gross Deferred Tax Assets (B)</i>	<b>5,121.65</b>	<b>916.98</b>
	<i>Deferred Tax Liabilities /(Assets)(Net) (A-B)</i>	<b>(2,639.48)</b>	<b>3,592.21</b>

(Rs. in Lacs)

<b>11.</b>	<b>Capital Commitments</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	100.00

(Rs. in Lacs)

<b>12.</b>	<b>Contingent Liabilities not provided for</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>
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, 2008: Rs. 318.11 Lacs) has been paid under protest]	164.76	3,381.70
b.	Demands in respect of Service tax [Amount of Rs.15 Lacs (March 31, 2008 : Rs. 15 Lacs) has been paid under protest ]	299.00	284.00
c.	Guarantees issued by the Company	901.97	1,991.58

Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities.

- 13.** Recovery of service tax on lease and hire purchase transactions is kept in abeyance in view of the stay granted by Honourable Madras High Court. If any liability arises it will be recovered from the concerned parties. However, on contracts that are terminated, pending decision from the Honourable Madras High Court, 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 paid off or reversed as income.

**14. Employee Stock Option Plan**

	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>	<b>Series V</b>
Date of grant	October 31, 2005	April 1, 2006	October 9, 2006	August 17, 2007	July 15,2008
Date of Board /Committee Approval	October 19, 2005	February 22, 2006	September 6, 2006	August 17, 2007	July 15,2008
Date of Shareholder's approval	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
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity

<b>Graded Vesting Period</b>					
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
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
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
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
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
Vesting Conditions	On achievement of pre-determined targets				

The details of Series I have been summarized below:

	<b>As at March 31, 2009</b>		<b>As at March 31, 2008</b>	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,177,000	Rs. 35.00	2,492,750	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	304,500	Rs.35.00	57,800	Rs. 35.00
Less: Expired during the year	32,700	-	257,950	-
Outstanding at the end of the year	1,839,800	Rs.35.00	2,177,000	Rs. 35.00
Exercisable at the end of the year	860,540		528,260	-
Weighted average remaining contractual life (in years)		9.09		10.09
Weighted average fair value of options granted		Rs.59.04		Rs. 59.04

The details of Series II have been summarized below:

	<b>As at March 31, 2009</b>		<b>As at March 31, 2008</b>	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	554,100	Rs.35.00	744,000	Rs.35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	31,300	Rs.35.00	18,900	Rs.35.00
Less: Expired during the year	6,300		171,000	-
Outstanding at the end of the year	516,500	Rs.35.00	554,100	Rs.35.00
Exercisable at the end of the year	116,520		38,400	
Weighted average remaining contractual life (in years)		9.49		10.49
Weighted average fair value of options granted		Rs.91.75		Rs. 91.75

The details of Series III have been summarized below:

	<b>As at March 31, 2009</b>		<b>As at March 31, 2008</b>	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	811,000	Rs.35.00	885,000	Rs.35.00

Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	40,400	Rs.35.00	-	-
Less: Expired during the year	7,000	-	74,000	-
Outstanding at the end of the year	763,600	-	811,000	Rs.35.00
Exercisable at the end of the year	202,600	-	81,100	-
Weighted average remaining contractual life (in years)	-	10.01	-	11.01
Weighted average fair value of options granted	-	Rs.74.85	-	Rs.74.85

The details of Series IV have been summarized below:

	As at March 31, 2009		As at March 31, 2008	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	109,000	Rs.35.00	-	-
Add: Granted during the year	-	-	109,000	Rs.35.00
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Expired during the year	3,000	-	-	-
Outstanding at the end of the year	106,000	Rs.35.00	109,000	Rs.35.00
Exercisable at the end of the year	106,000	-	Nil	-
Weighted average remaining contractual life (in years)	-	10.88	-	11.88
Weighted average fair value of options granted	-	136.40	-	136.40

The details of Series V have been summarized below:

	As at March 31, 2009		As at March 31, 2008	
	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	77,000	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	77,000	Rs.35.00	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	11.78	-	-
Weighted average fair value of options granted	-	253.90	-	-

The weighted average share price for the period over which stock options were exercised was Rs.242.00 (March 31, 2008: Rs. 270.76).

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/-

<b>Series III</b>	Rs.35/-	763,600	10.01	Rs.35/-
<b>Series IV</b>	Rs.35/-	106,000	10.88	Rs.35/-
<b>Series V</b>	Rs.35/-	77,000	11.78	Rs.35/-

**March 31, 2008**

<b>Series</b>	<b>Range of exercise prices</b>	<b>Number of options outstanding</b>	<b>Weighted average remaining contractual life of options (in years)</b>	<b>Weighted average exercise price</b>
<b>Series I</b>	Rs.35/-	2,177,000	10.09	Rs.35/-
<b>Series II</b>	Rs.35/-	554,100	10.49	Rs.35/-
<b>Series III</b>	Rs.35/-	811,000	11.01	Rs.35/-
<b>Series IV</b>	Rs.35/-	109,000	11.88	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:

	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>
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:

	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>
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

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:

	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>
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

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, 2009	As at March 31, 2008
Compensation cost pertaining to equity-settled employee share-based payment plan included above	580.57	653.95
Liability for employee stock options outstanding as at year end	2,584.88	2,689.69
Deferred compensation cost	445.98	863.05

**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:

	Year ended March 31, 2009	Year ended March 31, 2008
Profit as reported (Rs. in Lacs)	61,240.21	38,982.65
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	580.57	653.95
Less: Employee stock compensation under fair value method (Rs. in Lacs)	553.44	615.95
Proforma profit (Rs. in Lacs)	61,267.34	39,020.65
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	30.11	20.26
- Proforma	30.12	20.28
<b>Diluted (Rs.)</b>		
- As reported	28.64	19.71
- Proforma	28.65	19.73

### 15. Securitisation

The Company sells loans through securitisation and direct assignment. The information on securitisation & direct assignment activity of the Company as an originator for the year March 31, 2009 and March 31, 2008 is given below:

	Year ended March 31, 2009	Year ended March 31, 2008
Total number of loan assets securitized	1,49,860	65,020
Total book value of loan assets securitised (Rs. in Lacs)	3,12,498.40	211,822.17
Sale consideration received for the securitised assets (Rs. in Lacs)	3,38,334.83	248,140.60
Gain on account of securitization* (Rs. in Lacs)	41,816.19	36,318.39

\* Gain on securitisation 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, 2009 and March 31, 2008 is given in the table below:

	As at March 31, 2009	As at March 31, 2008
Outstanding credit enhancement	97459.32	56,687.05
Outstanding liquidity facility	17,137.30	7,127.85
Outstanding subordinate contribution	3,301.71	5,159.40

(Rs. in Lacs)

### 16. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31, 2009 for principal swaps are Rs. NIL (March 31, 2008 – Rs. Nil) and for interest rate swaps Rs. Nil (March 31, 2008 – Rs. 95,000 Lacs). The interest rate swaps is to hedge against exposure to variable interest outflow on loans. The broad term of the instruments are to receive fixed rate of interest/variable rate equal to INBMK and to pay a variable rate equal to INBMK/MIBOR.

### 17. Supplementary Statutory Information

(Rs. in Lacs)

i	Managing Director's Remuneration	Year ended March	Year ended March
		31, 2009	31, 2008
	Salaries	40.00	46.96
	Perquisites	8.13	9.78
	Contribution to Provident fund	0.09	0.09
	Employee stock option scheme	14.77	9.70
		<b>62.99</b>	<b>66.53</b>

Note: - As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, 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.

(Rs. in Lacs)

<b>ii</b>	<b>Expenditure in foreign currency (On cash basis)</b>		
		<b>Year ended March 31, 2009</b>	<b>Year ended March 31, 2008</b>
	Travelling	236.38	13.81
	Others-(Fees paid)	3,320.21	Nil
		<b>3,556.59</b>	<b>13.81</b>

<b>iii</b>	<b>Net dividend remitted in foreign exchange</b>	<b>Year ended March 31, 2009</b>		<b>Year ended March 31, 2008</b>	
	<b>Period to which it relates</b>	<b>Interim 2008-09</b>	<b>Final 2007-08</b>	<b>Interim 2007-08</b>	<b>Final 2006-07</b>
	Number of non-resident shareholders	6	6	6	2
	Number of equity shares held on which dividend was due	42,403,023	42,403,023	45,863,023	35,125,801
	Amount remitted (state the foreign currency)				
	Euro	-	-	-	2,234
	American Dollar	840,330	3,966,606	1,154,077	1,683,294

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

<b>i</b>	<b>Licensed Capacity, Installed capacity, Actual production and Sales</b>									
	<b>Class of Goods</b>	<b>Units</b>	<b>Licensed Capacity as at March 31,</b>		<b>Installed Capacity as at March 31, (in KW)</b>		<b>Actual Production and Sales for the year ended March 31, (in units)</b>		<b>Sales Value (Rs. in Lacs)</b>	
			<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	Electricity -Windmill	44	NA	NA	22,430	22,430	34,546,664	30,200,617	2,251.19*	966.44
	Electricity -Biomass	1	NA	NA	7,500	7,500	32,192,600	10,275,400	1,014.07	323.68
	*Includes compensation charges received towards generation loss.									

<b>ii</b>	<b>Consumption of raw materials and components</b>					
	<b>Raw material</b>	<b>Units</b>	<b>Quantity for the year ended March 31,</b>		<b>Value for the year ended March 31, (Rs in Lacs)</b>	
			<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	Biomass Fuel	Tons	69,354	25,332	687.17	258.06

**19. 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 end together with interest paid /payable are**

required to be furnished.

- 20.** Interim dividend (including tax on dividend) includes an amount of Rs 12.31 Lacs in respect of dividend paid by the Company for the previous year on 2,63,100 equity shares allotted before the date of book closure as they rank pari-passu with the existing equity shares for dividend.

**21. Previous Year Comparatives**

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

<b>Notes to Accounts for the year 2007-2008</b>	
<b>1.</b>	<b>Secured Loans</b>

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

(Rs. in Lacs)

	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
Number	151,65,476	123,79,858
Amount	151,654.76	123,798.58

Secured by exclusive mortgage of office premises. Further secured by charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, leased assets, loans, advances and other 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 over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement.

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

<b>Date of Allotment/renewal</b>	<b>Amount (Rs. in Lacs)</b>		<b>Redemption date</b>
	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>	
05.05.2006	Nil	5,000.00	04.05.2007
23.10.2006	Nil	10,000.00	24.10.2007
12.12.2006	Nil	5,000.00	17.12.2007
14.12.2006	5,000.00	5,000.00	18.04.2008
18.01.2007	11,000.00	11,000.00	18.07.2008
21.06.2007	2,500.00	0.00	19.12.2008
27.06.2007	2,500.00	0.00	27.02.2009
27.06.2007	2,500.00	0.00	26.12.2008
04.07.2007	5,000.00	0.00	04.07.2009
05.07.2007	15,000.00	0.00	05.07.2010
09.07.2007	7,000.00	0.00	09.07.2010
11.07.2007	1,000.00	0.00	09.07.2010
17.07.2007	15,000.00	0.00	17.07.2009
25.07.2007	15,000.00	0.00	25.07.2010
30.07.2007	2,500.00	0.00	30.07.2009
28.08.2007	2,500.00	0.00	28.04.2009
07.09.2007	4,000.00	0.00	04.09.2009
10.09.2007	2,500.00	0.00	10.09.2010
13.09.2007	1,000.00	0.00	13.09.2009
13.09.2007	3,400.00	0.00	19.09.2008
17.09.2007	3,800.00	0.00	17.09.2010
21.09.2007	2,500.00	0.00	21.09.2010
05.10.2007	2,000.00	0.00	05.10.2009
05.10.2007	1,500.00	0.00	05.10.2010

09.10.2007	2,500.00	0.00	09.10.2009
12.10.2007	2,500.00	0.00	28.09.2009
15.10.2007	2,000.00	0.00	15.10.2010
18.10.2007	12,000.00	0.00	18.10.2010
19.10.2007	5,000.00	0.00	19.10.2010
19.10.2007	8,000.00	0.00	18.10.2009
22.10.2007	2,500.00	0.00	22.10.2009
30.10.2007	5,000.00	0.00	30.10.2009
<b>TOTAL</b>	<b>146,700.00</b>	<b>36,000.00</b>	

Secured by exclusive charge by way of hypothecation of loan agreements.

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

Date of Allotment/renewal	Amount (Rs. in Lacs)		Redemption date
	As at March 31, 2008	As at March 31, 2007	
18.07.2006	Nil	10,000.00	18.07.2007
29.08.2006	Nil	1,500.00	29.11.2007
31.08.2006	Nil	10,000.00	29.08.2007
26.09.2006	Nil	1,000.00	24.12.2007
26.09.2006	Nil	1,000.00	25.09.2007
27.09.2006	Nil	500.00	26.09.2007
18.01.2007	0.44	0.44	18.01.2009
07.06.2007	2,500.00	0.00	06.05.2008
20.06.2007	500.00	0.00	18.06.2008
22.06.2007	2,500.00	0.00	23.06.2008
07.08.2007	5,000.00	0.00	30.07.2009
21.09.2007	3,400.00	0.00	19.09.2008
<b>TOTAL</b>	<b>13,900.44</b>	<b>24,000.44</b>	

Secured by exclusive charge by way of hypothecation of loan agreements.

**b) Term Loans :**

			(Rs. in Lacs)	
			As at March 31, 2008	As at March 31, 2007
<b>i.</b>	<b>From Financial Institutions / Corporates :</b>			
(a)	Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans		106,342.57	75,471.30
(b)	Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm		1,785.36	2,053.72

	As at March 31, 2008	As at March 31, 2007
(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.	963.00	1,126.38
<b>ii. From Foreign Institution:</b>		
Secured by an exclusive charge by way of Hypothecation of specific Loan agreements and all amounts owing to and received by the Company pursuant to the above Agreements	2,172.80	3,621.33
<b>Total</b>	<b>111,263.73</b>	<b>82,272.73</b>

(Rs. in Lacs)

	As at March 31, 2008	As at March 31, 2007
<b>iii. From Banks :</b>		
(a) Secured by hypothecation of vehicles	10.07	13.47
(b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to lease, hypothecation loans	502,000.38	256,001.64
(c) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	1,202.27	1,431.99
(d) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the bio mass plant.	2,116.56	2,378.38
<b>Total</b>	<b>505,329.28</b>	<b>259,825.48</b>

**c) Cash Credit from Banks**

(Rs. in Lacs)

	As at March 31, 2008	As at March 31, 2007
Cash Credit from Banks	225,646.66	104,118.36
Secured by hypothecation of specific assets covered under Loan Agreements, Book debts, equitable mortgage of title deeds of immovable property.		

**2. Subordinated Debt**

The Company has raised Tier II capital by issue of subordinated debt bonds amounting to Rs. 30,516.38 Lacs (March 31, 2007: Rs. 29,924.71 Lacs) with coupon rate of 10 % to 12% per annum which are redeemable over a period of 62 months to 80 months.

### 3. Cash & Cash Equivalents

(Rs. in Lacs)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Cash & Bank balance	137,420.45	181,064.16
Less: Fixed deposits having original maturity greater than 3 months or pledged with banks or lien marked deposits	70,221.15	37,042.50
Balance considered as cash & cash equivalents for cash flow statement	67,199.30	144,021.66

### 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 gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Till March 31, 2007, the Company was providing for leave benefits based on actuarial valuation. In the current year, the Company has adopted the AS 15 (Revised) which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly the Company has changed method of providing short term leave benefits from actuarial valuation to estimate basis. Further, in accordance with the transitional provision in the revised AS, no amount has been adjusted to the General Reserve as the amount is not material. This change is not having material impact on the profit for the current year.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued by the ICAI, 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)

Particulars	Gratuity
	March 31, 2008
Current service cost	53.25
Interest cost on benefit obligation	17.24
Expected return on plan assets	NA
Net actuarial (gain) / loss recognised in the year	101.94
Past service cost	Nil
<b>Net benefit expense</b>	<b>172.43</b>
Actual return on plan assets	NA

#### Balance sheet

Details of Provision for gratuity

(Rs. in Lacs)

Particulars	Gratuity
	March 31, 2008
Defined benefit obligation	322.76
Fair value of plan assets	NA
	322.76
Less: Unrecognised past service cost	Nil

Plan asset / (liability)	(322.76)
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Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Lacs)

<b>Particulars</b>	<b>Gratuity</b>
	<b>March 31, 2008</b>
Opening defined benefit obligation	174.31
Interest cost	17.24
Current service cost	53.25
Benefits paid	(23.98)
Actuarial (gains) / losses on obligation	101.94
<b>Closing defined benefit obligation</b>	<b>322.76</b>

The Company would not contribute any amount to gratuity in 2008-09 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:

<b>Particulars</b>	<b>Gratuity</b>
	<b>March 31, 2008</b>
	%
Investments with insurer	NA

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

<b>Particulars</b>	<b>Gratuity</b>
	<b>March 31, 2008</b>
Discount Rate	8%
Increase in compensation cost	5%
Employee Turnover	5% and 10%

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

Amounts for the current period are as follows:

(Rs. in Lacs)

<b>Particulars</b>	<b>March 31, 2008</b>
	Defined benefit obligation
Plan assets	NA
Surplus / (deficit)	(322.76)

Particulars	March 31, 2008
Experience adjustments on plan liabilities	101.94
Experience adjustments on plan assets	NA

The current year being the first year of adoption of AS 15 (revised) by the Company, the previous year comparative information has not been furnished.

5. The Company is a primarily engaged in financing activities. It operates in a single business and geographical segment. The Company also owns windmills and biomass which generate income from sale of electricity and the same has been classified as 'Unallocated reconciling item' as per requirements of AS - 17 on 'Segment Reporting' issued by ICAI.

(Rs. in Lacs)

Particulars	Year ended March 31, 2008			Year ended March 31, 2007		
	Financing Activities	Unallocated reconciling items	Total	Financing Activities	Unallocated reconciling items	Total
Segment Revenue	249,612.56	1,290.12	250,902.68	141,007.94	1,130.66	142,138.60
Segment Results (Profit before tax and after interest on Financing Segment)	62,225.82	(956.50)	61,269.32	28,993.09	390.13	29,383.22
Less: Interest on unallocated reconciling items	N.A.	686.02	686.02	N.A.	460.80	460.80
Net profit before tax	62,225.82	(1,642.52)	60,583.30	28,993.09	(70.67)	28,922.42
Less: Income taxes	N.A.	N.A.	21,600.65	N.A.	N.A.	9,882.71
Net profit	N.A.	N.A.	38,982.65	N.A.	N.A.	19,039.71
<b>Other Information:</b>						
Segment assets	1,813,703.73	10,785.10	1,824,488.83	1,069,157.13	12,257.85	1,081,414.98
Unallocated corporate assets			2,372.02			2,120.47
Total Assets	1,813,703.73	10,785.10	1,826,860.85	1,069,157.13	12,257.85	1,083,535.45
Segment liabilities	1,635,520.68	6,089.70	1,641,610.38	959,257.03	6,988.92	966,245.95
Unallocated corporate liabilities			3,614.57			8,661.98
Total Liabilities	1,635,520.68	6,089.70	1,645,224.95	959,257.03	6,988.92	974,907.93
Capital expenditure	1,266.01	Nil	1,266.01	1,851.87	1,184.44	3,036.31
Depreciation	1,884.86	1,821.11	3,705.97	414.81	570.32	985.13
Other non - cash expenses	29,713.13	13.73	29,726.86	18,991.11	Nil	18,991.11

## 6. Related Party Disclosures

<b>Subsidiaries</b>	:	Shriram Powergen Limited (upto March 27, 2008)
<b>Associates</b>	:	Shriram Asset Management Company Limited Ashley Transport Services Limited (upto July 3, 2007)

<b>Enterprises having significant influence over the Company</b>	:	Shriram Holdings (Madras) Private Limited Shriram Capital Limited (formerly known as Shriram Financial Services Holding Private Limited) Newbridge India Investments II Limited
<b>Key Managerial Personnel</b>	:	R Sridhar, Managing Director
<b>Relatives of Key Managerial Personnel</b>	:	Mrs. Padmapriya Sridhar

(Rs. In Lacs)

	Enterprises having significant influence over the Company		Subsidiaries		Associates		Key Management Personnel\$		Relatives of Key Management Personnel		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Payments</b>												
Employee benefits for key management personnel	-	-	-	-	-	-	66.53	20.32	-	-	66.53	20.32
Royalty	623.54*	356.35*	-	-	-	-	-	-	-	-	623.54	356.35
Data Sourcing fees	57.95*	44.38*	-	-	-	-	-	-	-	-	57.95	44.38
Service Charges	347.70*	266.28*	-	-	-	-	-	-	-	-	347.70	266.28
Equity dividend	2,561.15#	2,263.15#	-	-	-	-	2.52	2.37	1.22	1.22	2,564.89	2,266.74
Interest on subordinate debt	-	-	-	-	101.94^	46.50^	-	-	-	-	101.94	46.50
Investments in shares	-	-	-	4.99	30.00@	180.00@	-	-	-	-	30.00	184.99
Rent paid	58.80*	45.80*	-	-	-	-	-	-	-	-	58.80	45.80
Rental Deposit	-	49.00*	-	-	-	-	-	-	-	-	-	49.00
<b>Receipts</b>												
Sale of investments	-	-	4.99	-	112.50@	-	-	-	-	-	117.49	-
Subscription of equity shares	6,955.20#	9,282.00#	-	-	-	-	-	1.75	-	-	6,955.20	9,283.75
Subscription to optionally convertible warrants	2,400.00#	-	-	-	-	-	-	-	-	-	2,400.00	-
Rent & electricity	-	-	-	-	5.40^	5.40^	-	-	-	-	5.40	5.40
<b>Balance outstanding at the year end</b>												
Share capital	8,537.15#	7,847.15#	-	-	-	-	8.40	8.12	4.05	4.05	8,549.60	7,859.32
Share warrants	2,400.00#	772.80#	-	-	-	-	-	-	-	-	2,400.00	772.80
Investments in shares	-	-	-	4.99	240.00+	420.00+	-	-	-	-	240.00	424.99
Outstanding expenses	62.18*	147.04*	-	-	-	-	30.00	-	-	-	92.18	147.04
Rent Deposit given	49.00*	49.00*	-	-	-	-	-	-	-	-	49.00	49.00
Interest payable on subordinate debt	-	-	-	-	233.22^	131.28^	-	-	-	-	233.22	131.28



\$	Includes Managing Director, Whole time director, manager and other managerial personnel		
*	Denotes transactions with Shriram Capital Limited (formerly known as Shriram Financial Services Holding Private Limited)		
#	Denotes transactions with Shriram Holdings (Madras) Private Limited		
^	Denotes transactions with Shriram Asset Management Company Limited		
@	Denotes transactions with Ashley Transport Services Limited		
+	Investments in shares as on March 31, 2008 includes Rs. 240 Lacs (March 31, 2007: Rs. 240 Lacs) invested in Shriram Asset Management Company Limited and Rs. Nil (March 31, 2007: Rs. 180 Lacs) in Ashley Transport Services Limited		
7.	<b>Leases</b>		
	<b><u>In case of assets given on lease</u></b>		
	<b><u>Financial lease including hire purchase</u></b>		
	The Company has given vehicles on finance lease. The lease term is for 3 to 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.		
		(Rs. in Lacs)	
		<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
	Total gross investment in the lease	6,539.13	22,654.39
	Less : Unearned finance income	800.06	5,088.49
	Less: Unguaranteed residual value	Nil	Nil
	Present value of minimum lease payments	5,739.07	17,565.90
	<b>Gross investment in the lease for the period :</b>		
	Not later than one year [Present value of minimum lease payments receivable Rs. 5,388.35 Lacs as on March 31, 2008 (March 31, 2007: Rs.11,693.34 Lacs)]	6,164.18	15,373.89
	Later than one year but not later than five years [Present value of minimum lease payments Rs.350.72 Lacs as on March 31, 2008 (March 31, 2007 : Rs. 5,872.56 Lacs)]	374.95	7,280.50
	Later than five years [Present value of minimum lease payments Nil as on March 31, 2008 (March 31, 2007: Nil)]	Nil	Nil
	<b><u>In case of assets taken on lease</u></b>		
	The Company has taken various premises, furniture and fixtures, IT equipments and plant and machinery under operating lease. The lease payments recognized in the profit & loss account are Rs.1,475.33 Lacs (March 31, 2007: Rs.987.91 Lacs). Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. 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)	
		<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
	<i>Minimum Lease Payments:</i>		
	Not later than one year	334.18	173.99
	Later than one year but not later than five years	468.61	167.75

Later than five years	Nil	Nil
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## 8. Investments

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.427.44 Lacs in favour of trustees representing the public deposit holders of the Company.

## 9. Earnings per share

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Net Profit after tax as per profit and loss account (Rs. in Lacs) (A)	38,982.65	19,039.71
Weighted average number of equity shares for calculating Basic EPS (in Lacs) (B)	1,924.01	1,729.59
Weighted average number of equity shares for calculating Diluted EPS (in Lacs) (C)	1,977.76	1,812.07
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	20.26	11.01
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	19.71	10.51

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Weighted average number of equity shares for calculating EPS (in Lacs)	1,924.01	1,729.59
Add : Equity shares arising on conversion of optionally convertible warrants (in Lacs)	23.83	69.00
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in Lacs)	29.92	13.48
Weighted average number of equity shares in calculation diluted EPS (in Lacs)	1,977.76	1,812.07

(Rs. in Lacs)

## 10. Deferred Tax Liabilities (Net)

	The break up of deferred tax asset / liabilities is as under:-	As at March 31, 2008	As at March 31, 2007
	<b><u>Deferred Tax Liabilities</u></b>		
	<i>Timing difference on account of :</i>		
	Differences due to accelerated amortisation of intangibles under Income Tax Act	Nil	31.26
	Differences in depreciation in block of fixed assets as per tax books and financial books	2,755.33	3,191.73
	Effect of lease accounting	1,753.86	5,705.17
	Others	Nil	141.60

	<b>Gross Deferred Tax Liabilities (A)</b>	<b>4,509.19</b>	<b>9,069.76</b>
	<b>Deferred Tax Asset</b>		
	<i>Timing difference on account of :</i>		
	Expenses disallowed under Income Tax Act, 1961	173.47	81.17
	Provision for securitization	503.73	326.61
	Provision for hedging contracts	239.78	Nil
	<b>Gross Deferred Tax Assets (B)</b>	<b>916.98</b>	<b>407.78</b>
	<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>3,592.21</b>	<b>8,661.98</b>

(Rs. in Lacs)

<b>11.</b>	<b>Capital Commitments</b>	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	100.00	375.56

(Rs. in Lacs)

<b>12.</b>	<b>Contingent Liabilities not provided for</b>	<b>As at March 31, 2008</b>	<b>As at March 31, 2007</b>
	Disputed income tax/interest tax demand contested in appeals not provided for  [Against the above, a sum of Rs. 318.11 Lacs (March 31, 2007: Rs. 318.11 Lacs) has been paid under protest]	3,381.70	5,754.90
	Demands in respect of Service tax [Amount of Rs.15 Lacs (March 31, 2007 : Rs. 15 Lacs) has been paid under protest]	284.00	230.24
	Guarantees issued by the Company	1,991.58	14,557.54
	In respect of portfolio management	Nil	356.67

- 13.** The Company has converted 6,900,000 warrants issued to Shriram Holdings (Madras) Private Limited into equity shares at a premium of Rs.102/- during the year. The amount of Rs. 36,000 Lacs (including securities premium of Rs.34,800 Lacs) received from preferential allotment of shares was utilized for the purpose of increasing the networth and working capital of the Company. The Company has further issued 8,000,000 warrants to Shriram Holdings (Madras) Private Limited on a preferential basis with an option to convert into equity shares of Rs 300/- each (including securities premium of Rs 290/-) within 18 months from the date of issue i.e. December 14, 2007.
- 14.** Recovery of service tax on lease and hire purchase transactions is kept in abeyance in view of the stay granted by Honourable Madras High Court. If any liability arises it will be recovered from the concerned parties. However, on contracts that are terminated, pending decision from the Honourable Madras High Court, equivalent service tax is written off.

15. Borrowing costs aggregating to NIL (March 31, 2007: Rs. 381.05 Lacs) being interest on specific term loan from a bank for Bio Mass Plant have been capitalized during the year.

**16. Employee Stock Option Plan**

	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>	<b>Series IV</b>
Date of grant	October 31, 2005	April 1, 2006	October 9, 2006	August 17, 2007
Date of Board Approval	October 19, 2005	February 22, 2006	September 6, 2006	August 17, 2007
Date of Shareholder's approval	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
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity
<b>Graded Vesting Period</b>				
After 1 year of grant date	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
After 3 years of grant date	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
Exercisable period	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 pre-determined targets			

The details of Series I have been summarized below:

	<b>As at March 31, 2008</b>		<b>As at March 31, 2007</b>	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	2,492,750	Rs. 35.00	2,962,500	Rs. 35.00
Add: Granted during the year	Nil	-	Nil	-
Less: Forfeited during the year	Nil	-	Nil	-
Less: Exercised during the year	57,800	Rs. 35.00	157,250	Rs.35.00
Less: Expired during the year	257,950	-	312,500	-
Outstanding at the end of the year	2,177,000	Rs. 35.00	2,492,750	Rs.35.00
Exercisable at the end of the year	528,260	-	110,450	-
Weighted average remaining contractual life (in years)		10.09		11.09
Weighted average fair value of options granted		Rs. 59.04		Rs.59.04

The details of Series II have been summarized below:

	<b>As at March 31, 2008</b>		<b>As at March 31, 2007</b>	
	Number of Shares	Weighted Average	Number of Shares	Weighted Average



		Exercise Price(Rs.)		Exercise Price(Rs.)
Outstanding at the beginning of the year	744,000	Rs.35.00	Nil	-
Add: Granted during the year	Nil	-	832,500	Rs.35.00
Less: Forfeited during the year	Nil	-	Nil	-
Less: Exercised during the year	18,900	Rs.35.00	Nil	-
Less: Expired during the year	171,000	-	88,500	-
Outstanding at the end of the year	554,100	Rs.35.00	744,000	Rs.35.00
Exercisable at the end of the year	38,400		Nil	
Weighted average remaining contractual life (in years)		10.49		11.49
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, 2008		As at March 31, 2007	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	885,000	Rs.35.00	Nil	-
Add: Granted during the year	Nil	-	910,000	Rs.35.00
Less: Forfeited during the year	Nil	-	Nil	-
Less: Exercised during the year	Nil	-	Nil	-
Less: Expired during the year	74,000	-	25,000	-
Outstanding at the end of the year	811,000	Rs.35.00	885,000	Rs.35.00
Exercisable at the end of the year	81,100	-	Nil	-
Weighted average remaining contractual life (in years)		11.01		12.01
Weighted average fair value of options granted		Rs.74.85		Rs.74.85

The details of Series IV have been summarized below:

	As at March 31, 2008		As at March 31, 2007	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	Nil	-	-	-
Add: Granted during the year	109,000	Rs.35.00	-	-
Less: Forfeited during the year	Nil	-	-	-
Less: Exercised during the year	Nil	-	-	-
Less: Expired during the year	Nil	-	-	-
Outstanding at the end of the year	109,000	Rs.35.00	-	-
Exercisable at the end of the year	Nil	-	-	-
Weighted average remaining contractual life (in years)		11.88	-	-
Weighted average fair value of options granted		136.40	-	-

The weighted average share price for the period over which stock options were exercised was Rs.270.76 (March 31, 2007: Rs. 135.53)

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

#### March 31, 2008

Series	Range of	Number of	Weighted average	Weighted average
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	exercise prices	options outstanding	remaining contractual life of options (in years)	exercise price
Series I	Rs.35/-	2,177,000	10.09	Rs.35/-
Series II	Rs.35/-	554,100	10.49	Rs.35/-
Series III	Rs.35/-	811,000	11.01	Rs.35/-
Series IV	Rs.35/-	109,000	11.88	Rs.35/-

March 31, 2007

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/-	2,492,750	11.09	Rs.35/-
Series II	Rs.35/-	744,000	11.49	Rs.35/-
Series III	Rs.35/-	885,000	12.01	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

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	1.50	2.50	3.50	4.50

years				
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

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, 2008	As at March 31, 2007
Compensation cost pertaining to equity-settled employee share-based payment plan included above	653.95	987.16
Liability for employee stock options outstanding as at year end	2,689.69	2,961.28
Deferred compensation cost	863.05	1,733.90

**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:

	Year ended March 31, 2008	Year ended March 31, 2007
Profit as reported (Rs. in Lacs)	38,982.65	19,039.71
Add: Employee stock compensation under intrinsic value method (Rs. in Lacs)	653.95	987.16
Less: Employee stock compensation under fair value method (Rs. in Lacs)	615.95	936.26
Proforma profit (Rs. in Lacs)	39,020.65	19,090.61
<b>Earnings per share</b>		
<b>Basic (Rs.)</b>		
- As reported	20.26	11.01
- Proforma	20.28	11.04
<b>Diluted (Rs.)</b>		



- As reported	19.71	10.51
- Proforma	19.73	10.54

## 17. Securitisation

The Company sells loans through securitisation and direct assignment. The information on securitisation & direct assignment activity of the Company as an originator for the year March 31, 2008 and March 31, 2007 is given below:

	Year ended March 31, 2008	Year ended March 31, 2007
Total number of loan assets securitized	65,020	68,204
Total book value of loan assets securitised (Rs. in Lacs)	211,822.17	285,979.49
Sale consideration received for the securitised assets (Rs. in Lacs)	248,140.60	311,095.04
Gain on account of securitization* (Rs. in Lacs)	36,318.39	29,070.05

\* Gain on securitisation 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, 2008 and March 31, 2007 is given in the table below :

(Rs. in Lacs)

	As at March 31, 2008	As at March 31, 2007
Outstanding credit enhancement	56,687.05	31,095.67
Outstanding liquidity facility	7,127.85	2,236.77
Outstanding subordinate contribution	5,159.40	6,199.80

## 18. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31, 2008 for principal swaps are Rs. NIL (March 31, 2007 – Rs.60,000 Lacs) and for interest rate swaps Rs. 95,000 Lacs (March 31, 2007 – Nil). The interest rate swaps is to hedge against exposure to variable interest outflow on loans. The broad term of the instruments are to receive fixed rate of interest/variable rate equal to INBMK and to pay a variable rate equal to INBMK/MIBOR.

19. During the year ended March 31, 2008, the Company has reassessed the balance useful life of its Computer Software, Windmills and Leasehold improvement (Furniture & fixtures and Electrical equipments / fittings). Based on such reassessment, the estimated balance useful life has reduced from 5 years to 3 years, 6 years to 3 years and 16-21 years to 5 years respectively. Accordingly, the Company has provided additional depreciation amounting to Rs. 1,492.74 Lacs in respect of these assets during the year.

## 20. Supplementary Statutory Information

(Rs. in Lacs)

i	Managing Director's Remuneration	Year ended March 31, 2008	Year ended March 31, 2007
		Salaries	46.96
Perquisites	9.78	1.30	
Contribution to Provident fund	0.09	0.09	
Employee stock option scheme	9.70	12.83	
	<b>66.53</b>	<b>20.32</b>	
Note: - As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, 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.			

(Rs. in Lacs)

ii Expenditure in foreign currency (On cash basis)		Year ended March 31, 2008	Year ended March 31, 2007
	Travelling	13.81	3.40
	Others	Nil	Nil
		<b>13.81</b>	<b>3.40</b>

iii Net dividend remitted in foreign exchange		Year ended March 31, 2008		Year ended March 31, 2007	
Period to which it relates		Interim	Final	Interim	Final
		2007-08	2006-07	2006-07	2005-06
	Number of non-resident shareholders	6	2	3	2
	Number of equity shares held on which dividend was due	45,863,023	35,125,801	28,617,378	37,313,169
	Amount remitted (state the foreign currency)				
	Euro	-	2,234	38,388	75,501
	American Dollar	1,154,077	1,683,294	990,400	1,118,940
	Yuan	-	-	13,652	-

<b>21.</b>	<b>Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of schedule VI to the Act</b>
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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)	
			2008	2007	2008	2007	2008	2007	2008	2007
	Windmill	44	NA	NA	22,430	22,430	30,200,617	36,013,398	966.44	1130.66
	Biomass	1	NA	NA	7,500	NIL	10,275,400	NIL	323.68	NIL

ii Consumption of raw materials and components						
	Raw material	Units	Quantity for the year ended March 31,		Value for the year ended March 31, (Rs in Lacs)	
			2008	2007	2008	2007
	Biomass Fuel	Tons	25,332	NIL	258.06	NIL

- 22.** The Company has initiated the process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid /payable are required to be furnished.
- 23.** Interim dividend (including tax on dividend) includes an amount of Rs 162.45 Lacs in respect of dividend paid by the Company for the previous year on 6,942,500 equity shares allotted before the date of book closure as they rank pari-passu with the existing equity shares for dividend.
- 24. Previous Year Comparatives**  
The figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's classification.

**Notes to Accounts for the year 2006-2007**

**1. SECURED LOANS**

**a) (i) Privately placed Redeemable Non-convertible Debentures:**

(Rs. in Lacs)

	<b>As at March 31, 2007</b>	<b>As at March 31, 2006</b>
Redeemable Non-Convertible Debentures of Rs.1,000/-each		
Number	123,79,858	174,43,008
Amount	123,798.58	174,430.08

Secured by mortgage of office premises, charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, leased assets, lease rentals including future receivables, loans, advances and other investments of the Company subject to prior charges created or to be created in favor of the Company's bankers, financial institutions and others.

Debentures are redeemable over a period of 6 months to 160 months from the date of allotment depending on the terms of the agreement.

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

<b>Date of Allotment/renewal</b>	<b>Amount (Rs. in Lacs)</b>		<b>Redemption date</b>
	<b>31.03.2007</b>	<b>31.03.2006</b>	
26.09.2005	Nil	10,000.00	24.01.2007
05.05.2006	5,000.00	Nil	04.05.2007
23.10.2006	10,000.00	Nil	24.10.2007
12.12.2006	5,000.00	Nil	17.12.2007
14.12.2006	5,000.00	Nil	18.04.2008
18.01.2007	11,000.00	Nil	18.07.2008
<b>TOTAL</b>	<b>36,000.00</b>	<b>10,000.00</b>	

Secured by hypothecation of specific assets covered under agreements by way of an exclusive charge.

**(iii) Redeemable Non-Convertible Debenture of Rs.1,000/- each**

<b>Date of Allotment/renewal</b>	<b>Amount (Rs. in Lacs)</b>		<b>Redemption date</b>
	<b>31.03.2007</b>	<b>31.03.2006</b>	
18.07.2006	10,000.00	Nil	18.07.2007
29.08.2006	1,500.00	Nil	29.11.2007
31.08.2006	10,000.00	Nil	29.08.2007
26.09.2006	1,000.00	Nil	24.12.2007
26.09.2006	1,000.00	Nil	25.09.2007
27.09.2006	500.00	Nil	26.09.2007
18.01.2007	0.44	Nil	30.05.2007
<b>TOTAL</b>	<b>24,000.44</b>	<b>Nil</b>	



Secured by hypothecation of specific assets covered under agreements by way of an exclusive charge.

**b) Term Loans :**

(Rs. in Lacs)

	As at March 31, 2007	As at March 31, 2006
<b>i. From Financial Institutions / Corporate :</b>		
(a) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to lease and hire purchase agreements and hypothecation loans	75,471.30	34,839.13
(b) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	2,053.72	2,322.08
(c) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	1,126.38	1,326.66
<b>ii. From Foreign Institution:</b>		
Secured by an exclusive charge by way of Hypothecation of specific Hire Purchase agreements and all amounts owing to and received by the Company pursuant to the above Hire Purchase Agreements	3,621.33	5,069.87
<b>Total</b>	<b>82,272.73</b>	<b>43,557.74</b>
<b>iii. From Banks :</b>		
(a) Secured by hypothecation of vehicle	13.47	11.62
(b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to lease, hypothecation loans and hire-purchase agreements / loan agreements	256,001.64	87,216.72
(c) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the windfarm	1,431.99	1,661.71
(d) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the bio mass plant.	2,378.38	2,392.79
<b>Total</b>	<b>259,825.48</b>	<b>91,282.84</b>

**c) Cash Credit from Banks**

(Rs. in Lacs)

	As at March 31, 2007	As at March 31, 2006
Cash Credit from Banks	104,118.36	54,820.74
Secured by hypothecation of specific assets covered under Hire-Purchase/Lease/Loan Agreements, Book debts, equitable mortgage of title deeds of the immovable property.		



**d) HP Refinance Loan**

(Rs. in Lacs)

	<b>As at March 31, 2007</b>	<b>As at March 31, 2006</b>
HP refinance loan (From institutions / corporates)	Nil	110.39
Secured by hypothecation of vehicles by hirers guaranteed by associate concerns and also by a former Director of the Company		

**2. Subordinated Debt**

The Company has raised Tier II capital by issue of subordinated debt bonds amounting to Rs. 29,924.71 Lacs (March 31, 2006 : Rs. 13,225.77 Lacs) with coupon rate of 8 % to 11.50% per annum which are redeemable over a period of 61 months to 80 months.

3. The Company operates in a single business and geographical segment; hence no disclosure is given as per requirements of AS – 17 on Segment Reporting issued by ICAI.

**4. Related Party Disclosure**

<b>Subsidiaries</b>	:	Shriram Powergen Limited
<b>Associates</b>	:	Shriram Asset Management Limited Ashley Transport Services Limited
<b>Enterprises having significant influence over the Company</b>	:	Shriram Holdings (Madras) Private Limited Shriram Financial Services Holding Private Limited Newbridge India Investments II Limited
<b>Key Managerial Personnel</b>	:	R Sridhar, Managing Director



Outstanding expenses	147.04	321.00	-	-	-	-	-	-	147.04	321.00
Proposed dividend	1,569.43	786.25	-	-	-	-	1.62	1.11	1,571.05	787.36
Rent Deposit given	49.00	-	-	-	-	-	-	-	49.00	-
Interest payable on subordinate debt	-	-	-	-	131.28	84.78	-	-	131.28	84.78
	<b>Enterprises having significant influence over the Company</b>		<b>Subsidiaries</b>		<b>Associates</b>		<b>Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Payments</b>										
Employee benefits for key management personnel	-	-	-	-	-	-	20.32	29.24	20.32	29.24
Royalty	356.35	212.35	-	-	-	-	-	-	356.35	212.35
Data sourcing fees	44.38	114.67	-	-	-	-	-	-	44.38	114.67
Service charges	266.28	688.02	-	-	-	-	-	-	266.28	688.02
Equity dividend	2,263.15	1257.82	-	-	-	-	2.37	1.66	2,265.52	1259.48
Preference dividend	-	418.39	-	-	-	-	-	-	-	418.39
Interest on subordinate debt	-	-	-	-	46.50	42.94	-	-	46.50	42.94
Redemption of preference share capital	-	5,147.93	-	-	-	-	-	-	-	5147.93
Investments in shares	-	-	4.99	-	180.00	-	-	-	184.99	-
Rent Paid	45.80	-	-	-	-	-	-	-	45.80	-
Rental Deposit	49.00	-	-	-	-	-	-	-	49.00	-
<b>Receipts</b>										
Sale of assets	-	127.24	-	-	-	-	-	-	-	127.24
Subscription of equity shares	9,282.00	30,687.67	-	-	-	-	1.75	-	9,283.75	30,687.67
Subscription to optionally convertible warrants	-	1,792.00	-	-	-	-	-	-	-	1,792.00
Rent & electricity	-	-	-	-	5.40	5.40	-	-	5.40	5.40
<b>Balance outstanding at the year end</b>										
Share capital	7,847.15	3,931.24	-	-	-	-	8.12	5.54	7,855.27	3,936.78
Share warrants	772.80	1,792.00	-	-	-	-	-	-	772.80	1,792.00
Investments in shares	-	-	4.99	200	-	420.00	240.00	-	424.99	240.00



**5. Leases**

**In case of assets given on lease**

**Financial lease including hire purchase**

The Company has leased out vehicles on finance lease. The lease term is for 3 to 5 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(Rs. in Lacs)

	<b>Finance Lease</b>	
	<b>2007</b>	<b>2006</b>
Total gross investment in the lease	22,654.39	79,597.53
Less : Unearned finance income	5,088.49	19,583.19
Less: Unguarantee residual value	Nil	Nil
Present value of minimum lease payments	17,565.90	60,014.34
<b>Gross investment in the lease for the period :</b>		
Not later than one year [Present value of minimum lease payments receivable Rs. 11,693.34 Lacs as on March 31, 2007 (March 31, 2006: Rs. 36,551.99 Lacs)]	15,373.89	48,597.94
Later than one year but not later than five years [Present value of minimum lease payments Rs. 5,872.56 Lacs as on March 31, 2007 (March 31, 2006 : Rs. 23,462.35 Lacs)]	7,280.50	30,999.59
Later than five years [Present value of minimum lease payments Rs. Nil as on March 31, 2007 (March 31, 2006: Rs. Nil)]	Nil	Nil

**In case of assets taken on lease**

The Company has taken various premises under operating lease. The lease payments recognized in the profit & loss account are Rs.987.91 Lacs (March 31, 2006: Rs.679.78 Lacs). Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. 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)

	<b>For the year ended March 31, 2007</b>	<b>For the year ended March 31, 2006</b>
<i>Minimum Lease Payments:</i>		
Not later than one year	173.99	0.63
Later than one year but not later than five years	167.75	29.38
Later than five years	Nil	Nil

**6. Investments**

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 Januray 4, 2007, the Company has, during the year, created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs.592.29 Lacs in favour of trustees representing the public deposit holders of the Company.

## 7. Cash & Cash Equivalents

(Rs. in Lacs)

Particulars	For the year ended March 31, 2007	For the year ended March 31, 2006
Cash & Bank balance	181,064.16	25040.69
Less: Fixed deposits having original maturity greater than 3 months	37,042.50	4596.58
Balance considered as cash & cash equivalents for cash flow statement	144,021.66	20,444.11

## 8. Earnings per share

Particulars	For the year ended March 31, 2007	For the year ended March 31, 2006
Net Profit after tax as per profit and loss account (Rs. in Lacs)	19,039.71	14,164.10
Less: Preference dividend and tax thereon (Rs. in Lacs)	Nil	483.10
Net Profit for calculation of EPS (Rs. in Lacs) (A)	19,039.71	13,681.00
Weighted average number of equity shares for calculating Basic EPS (in Lacs) (B)	1,729.59	1,461.41
Weighted average number of equity shares for calculating Diluted EPS (in Lacs) (C)	1,812.07	1,547.38
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	11.01	9.36
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	10.51	8.84

Particulars	For the year ended March 31, 2007	For the year ended March 31, 2006
Weighted average number of equity shares for calculating EPS (in Lacs)	1,729.59	1,461.41
Add : Equity shares arising on conversion of optionally convertible warrants (in Lacs)	69.00	82.58
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in Lacs)	13.48	3.39
Weighted average number of equity shares in calculation diluted EPS (in Lacs)	1,812.07	1,547.38

(Rs. in Lacs)

## 9. Deferred Tax Liabilities (Net)

	The break up of deferred tax asset / liability is as under:-	As at March 31, 2007	As at March 31, 2006
	<b>Deferred Tax Liabilities</b>		
	<i>Timing difference on account of :</i>		
	Differences due to accelerated amortisation of intangibles under Income Tax Act	31.26	65.70
	Differences in depreciation in block of fixed assets as per		

	tax books and financial books	3,191.73	635.29
	Effect of lease accounting	5,705.17	11,693.51
	Others	141.60	1,019.12
	<b>Gross Deferred Tax Liabilities (A)</b>	<b>9,069.76</b>	<b>13,413.62</b>
	<b>Deferred Tax Asset</b>		
	<i>Timing difference on account of :</i>		
	Expenses disallowed under Income Tax Act, 1961	81.17	44.77
	Provision for securitization	326.61	Nil
	<b>Gross Deferred Tax Assets (B)</b>	<b>407.78</b>	<b>44.77</b>
	<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>8,661.98</b>	<b>13,368.85</b>

(Rs. in Lacs)

10.	Capital Commitments	As at March 31, 2007	As at March 31, 2006
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	375.56	791.40

(Rs. in Lacs)

11.	Contingent Liabilities not provided for	As at March 31, 2007	As at March 31, 2006
	Disputed income tax/interest tax demand contested in appeals not provided for  [Against the above, a sum of Rs. 318.11 Lacs (March 31, 2006: Rs. 268.79 Lacs) has been paid under protest which appears under advances recoverable in cash or in kind.]	5,754.90	5,318.72
	Demands in respect of Service tax [Amount of Rs.15 Lacs has been paid under protest (March 31, 2006 : Nil)]	230.24	Nil
	Guarantees issued by the Company to banks & others	14,557.54	22,850.78
	Out of which amount outstanding	4,101.12	1,752.68
	In respect of portfolio management	356.67	1123.63

12. The Company has converted 5,715,000 warrants issued to UNO Investments into equity shares at a premium of Rs.25/- and 9,100,000 warrants issued to Shriram Holdings (Madras) Private Limited at a premium of Rs.102/- during the year. The amount of Rs.10,973.03 Lacs (including securities premium of Rs.9,491.53 Lacs) received from preferential allotment of shares was utilized for the purpose of increasing the network and working capital of the Company.
13. In view of the circular number 9/2002 dated April 18, 2002 issued by the Department of Company Affairs, no debenture redemption reserve is required to be created in case of privately placed debentures, accordingly, the debenture redemption reserve of Rs.100 Lacs created during the year 2000-2001 is transferred to the General Reserve.

14. Recovery of service tax on lease and hire purchase transactions is kept in abeyance in view of the stay granted by Honourable Madras High Court. If any liability arises it will be recovered from the concerned parties. However, on contracts that are terminated, pending decision from the Madras High Court, equivalent service tax is written off.
15. Borrowing costs aggregating to Rs.381.05 Lacs (March 31, 2006 : Rs. 62.01 Lacs) being interest on specific term loan from a bank for Bio Mass Plant under construction have been capitalized during the year and are included in 'Capital Work in Progress'

#### 16. Employee Stock Option Plan

	Series I	Series II	Series III
Date of grant	October 31, 2005	April 1, 2006	October 9, 2006
Date of Board Approval	October 19, 2005	February 22, 2006	September 6, 2006
Date of Shareholder's approval	October 13, 2005	October 13, 2005	October 13, 2005
Number of options granted	2,962,500	832,500	910,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
<b>Graded Vesting Period</b>			
After 1 year of grant date	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
After 3 years of grant date	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
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of pre-determined targets		

The details of Series I have been summarized below:

	March 31, 2007		March 31, 2006	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	2,962,500	Rs. 35.00	Nil	-
Add: Granted during the year	Nil	-	2,962,500	Rs. 35.00
Less: Forfeited during the year	Nil	-	Nil	-
Less: Exercised during the year	157,250	Rs.35.00	Nil	-
Less: Expired during the year	312,500	-	Nil	-
Outstanding at the end of the year	2,492,750	Rs.35.00	2,962,500	Rs.35.00
Exercisable at the end of the year	110,450		Nil	
Weighted average remaining contractual life (in years)		11.09 yrs		12.09 yrs
Weighted average fair value of options granted		Rs.59.04		Rs.59.04

The details of Series II have been summarized below:

	March 31, 2007		March 31, 2006	
	Number of	Weighted	Number	Weighted

	Shares	Average Exercise Price(Rs.)	of Shares	Average Exercise Price (Rs.)
Outstanding at the beginning of the year	Nil	-	-	-
Add: Granted during the year	832,500	Rs.35.00	-	-
Less: Forfeited during the year	Nil	-	-	-
Less: Exercised during the year	Nil	-	-	-
Less: Expired during the year	88,500	-	-	-
Outstanding at the end of the year	744,000	Rs.35.00	-	-
Exercisable at the end of the year	Nil	-	-	-
Weighted average remaining contractual life (in years)		11.49 yrs	-	-
Weighted average fair value of options granted		Rs. 91.75	-	-

The details of Series III have been summarized below:

	March 31, 2007		March 31, 2006	
	Number of Shares	Weighted Average Exercise Price(Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	Nil	-	-	-
Add: Granted during the year	910,000	Rs.35.00	-	-
Less: Forfeited during the year	Nil	-	-	-
Less: Exercised during the year	Nil	-	-	-
Less: Expired during the year	25,000	-	-	-
Outstanding at the end of the year	885,000	Rs.35.00	-	-
Exercisable at the end of the year	Nil	-	-	-
Weighted average remaining contractual life (in years)		12.01 yrs	-	-
Weighted average fair value of options granted		Rs.74.85	-	-

The weighted average share price for the period over which stock options were exercised was Rs.135.53.

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

#### March 31, 2007

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/-	2,492,750	11.09 years	Rs.35/-
Series II	Rs.35/-	744,000	11.49 years	Rs.35/-
Series III	Rs.35/-	885,000	12.01 years	Rs.35/-

March 31, 2006

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/-	2,962,500	12.09 years	Rs.35/-
Series II	Nil	Nil	Nil	Nil
Series III	Nil	Nil	Nil	Nil

#### 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%

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%

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)

	2007	2006
Compensation cost pertaining to equity-settled employee share-based payment plan included above	987.16	353.49
Liability for employee stock options outstanding as at year end	2,961.28	2,120.92
Deferred compensation cost	1,733.90	1,767.43

**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:

	For the year ended March 31, 2007	For the year ended March 31, 2006
Profit as reported (net off preference dividend and tax thereon)	19,039.71	13,681.00
Add: Employee stock compensation under intrinsic value method	987.16	353.49
Less: Employee stock compensation under fair value method	936.26	291.51
Proforma profit (net off preference dividend and tax thereon)	19,090.61	13,742.98
<b>Earnings per share</b>		
<b>Basic</b>		
- As reported	11.01	9.36
- Pro forma	11.04	9.40
<b>Diluted</b>		
- As reported	10.51	8.84
- Pro forma	10.54	8.88

## 17. Securitisation

The Company sells loans through securitisation and direct assignment. The information on securitisation & direct assignment activity of the Company as an originator for the year March 31, 2007 and March 31, 2006 is given below:

	For the year ended March 31, 2007	For the year ended March 31, 2006
Total number of loan assets securitized	68,204	26,886
Total book value of loan assets securitised (Rs. in Lacs)	285,979.49	64,886.20
Sale consideration received for the securitised assets (Rs. in Lacs)	311,095.04	70,020.42
Gain on account of securitization* (Rs. in Lacs)	29,070.05	5,664.25

The information on securitisation & direct assignment activity of the Company as an originator as on March 31, 2007 and March 31, 2006 is given in the table below :

	As at March 31, 2007	As at March 31, 2006
Outstanding credit enhancement	31,095.67	4,054.25
Outstanding liquidity facility	2,236.77	Nil
Outstanding subordinate contribution	6,199.80	Nil

\* Gain on securitisation deals done after February 1, 2006 is amortised over the period of the loan

<b>18.</b>	<b>Derivative Instruments:</b>
	The Notional principal amount of derivative transactions outstanding as on March 31, 2007 for principal swaps are Rs.60,000 Lacs (March 31, 2006 - Nil) and for interest rate swaps Rs. Nil (March 31, 2006 – Rs.18,000 Lacs)

<b>19.</b>	<b>Accounting for assignment of loan portfolio</b>
	Till March 31, 2006, the Company assigned various loan portfolios (on recourse basis) to banks. The Company, while accounting for such assignment, had transferred out from the books of account all individual loan accounts assigned and had also accounted for profit / loss on assignment in the year the portfolio was assigned. However, during the current year, the Company has reinstated all loan balances in the books of account and has also accounted for the amounts payable to the banks as Secured Loans including for loans assigned during the prior years. The Company has also reversed the proportionate profit so accounted at the time of loan assignment. This has resulted in an increase in hypothecation loans by Rs. 5,855.72 Lacs, increase in Secured loans by Rs. 6,233.49 Lacs, reversal of proportionate profit by Rs. 1,131.29 Lacs, accounting for interest income on such loan portfolio by Rs. 1,872.11 Lacs and accounting for interest expense on secured loans by Rs. 1,030.62 Lacs. As all amounts payable to the banks have been accounted in the books of account, there is no contingent liability on account of loan portfolio assigned to the banks as at March 31, 2007.

## 20. Supplementary Statutory Information

(Rs. in Lacs)

<b>20.1</b>	<b>Managing Director's Remuneration</b>	<b>2007</b>	<b>2006*</b>
	Salaries	6.10	18.88
	Perquisites	1.30	4.12
	Contribution to Provident fund	0.09	0.27
	Employee stock option scheme	12.83	5.97
		<b>20.32</b>	<b>29.24</b>

Note: - As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, 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

\* Includes remuneration paid to Managing Directors of merged Companies.

(Rs. in Lacs)

<b>20.2</b>	<b>Expenditure in foreign currency (On cash basis)</b>	<b>2007</b>	<b>2006</b>
	Travelling	3.40	5.25
	Others	Nil	Nil
		<b>3.40</b>	<b>5.25</b>

<b>20.3</b>	<b>Net dividend remitted in foreign exchange</b>		
	Period to which it relates	<b>1.4.2006 to 31.3.2007</b>	<b>1.4.2005 to 31.3.2006</b>
	Number of non-resident shareholders	3	2
	Number of equity shares held on which dividend was due	65,930,547	60,635,664
	Amount remitted (state the foreign currency)		
	Euro	113,889	182,646
	American Dollar	2,109,340	1,478,242
	Yuan	13,652	Nil

<b>21.</b>	The Company is engaged in generating power out of windmills. The details are as under:		
		<b>For the year ended March 31, 2007</b>	<b>For the year ended March 31, 2006</b>
	Licensed Capacity	Not Applicable	Not Applicable
	Installed Capacity (kwh)	22,430	23,180
	Units Generated(net of Captive consumption)	36,013,398	36,242,528
	Units Sold	36,013,398	36,242,528
	Sale Value (Rs. in Lacs)	1,130.66	1,117.99

- 22.** Additional information with regard to other matters specified in paragraph 4A & 4D of Part II of Schedule VI of the Act are not applicable
- 23.** Based on the information and records available with the Company, there are no amount outstanding as payable for more than 30 days to any small scale industrial undertakings. (Previous year: Rs. NIL)
- 24.** During the year the Company incorporated a 100% subsidiary by name Shriram Powergen Limited to exclusively deal with the windmill and the bio-mass projects of the company. The certificate of incorporation of the subsidiary was obtained on 08.02.2007 and the certificate of commencement of business has been applied for.
- Consequently, its accounts were not prepared and audited as at 31.03.2007. Hence, the consolidated accounts were not presented.
- 25. Previous Year Comparatives**
- Previous year's figures have been regrouped and reclassified, wherever necessary to conform to current year's classification.

**Notes to Accounts for the year 2005 - 2006**

**A) Balance Sheet**

**1) SECURED LOANS**

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

	As at March 31, 2006	As at March 31, 2005
Number	17,443,008	8,655,836
Amount Rs in Lacs	174,430.08	86,558.36

Secured by mortgage of office premises, charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, leased assets, lease rentals including future receivables, loans, advances and other 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 over a period of 6 months to 160 months from the date of allotment depending on the terms of the agreement.

**(ii) Redeemable Non-Convertible Debenture of Rs.10,00,000/- each**

	As at March 31, 2006	As at March 31, 2005
Number	1000	Nil
Amount Rs in Lacs	10,000	Nil

Secured by hypothecation of specific assets covered under Loan agreements by way of an exclusive charge.

Debentures are redeemable on 19<sup>th</sup> September, 2007 as per the terms of the agreement.

**(Rs. in Lacs)**

**b) Term Loans**

		As on 31.03.2006	As on 31.03.2005
<b>i</b>	<b>From Financial Institutions / Corporate:</b>		
a)	Secured by an exclusive charge by way of hypothecation of specific movable assets being Fixed / Current assets relating to Lease and Hire Purchase Agreements.	34,839.13	13400.65
b)	Secured by an exclusive charge by way of Hypothecation of specific immovable/ movable assets pertaining to the wind farm	2,322.08	2,590.44
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	1,326.66	-
<b>ii</b>	<b>From Foreign Institution :</b>	5,069.87	3,259.20
	By way of hypothecation of specific Hire Purchase agreements and all amounts owing to and received by the Company pursuant to the above Hire Purchase Agreements		
<b>iii</b>	<b>From Banks</b>		
a)	Secured by Hypothecation of Vehicles	11.62	1.35
b)	Secured by an exclusive charge by way of hypothecation of specific movable assets being Fixed / Current assets	87,216.72	21,031.04

	relating to Lease, Hypothecation Loans and Hire - Purchase Agreements/ Loan agreements		
c)	Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the windfarm and Guaranteed by a former Director	1,661.71	-
d)	Secured by an exclusive charge by way of hypothecation of specific immovable / movable assets pertaining to the bio mass plant	2,392.79	-
<b>c</b>	<b>Credit from Banks:</b>		
	Secured by hypothecation of specific assets covered under Hire-Purchase/Lease/Loan Agreements, Book debts, equitable mortgage of title deeds of the immovable property and guaranteed by Former Director of the Company	54,820.74	3,157.91
<b>d</b>	<b>HP Refinance Loan:</b>		
	From Institutions / Corporates:		
	Secured by Hypothecation of Vehicles by hirers guaranteed by associate concerns and also by a former Director of the company	110.39	-

## 2) Subordinated Debt:

The Company has raised Tier II capital by issue of Subordinated Debt bonds amounting to Rs. 13,225.77 Lacs (Previous Year – Rs. 9,401.10 Lacs) with coupon rate of 8 % to 11% per annum, which are redeemable over a period of 63 months to 80 months.

## 3) Details of Deferred Tax Liability:

	<b>Rs. in Lacs</b>	
	<b>As on 31.03.2006</b>	<b>As on 31.03.2005</b>
Depreciation	12,328.80	5,010.07
Others	1,040.05	339.91

## 4) Contingent Liabilities in respect of:

Guarantees issued by the Company to Banks	22,035.68	2,628.82
(out of which amount outstanding)	1,621.55	411.04
Guarantees issued by the Company to Others	815.10	3,779.90
(out of which amount outstanding)	131.13	360.33
In respect of Securitised Assets	29,742.84	11,944.20
In respect of portfolio management	1,123.63	1,846.28

Disputed Income Tax/Interest Tax demand contested in appeals not provided for **Rs. 5,318.72 Lacs** (Previous Year Rs.2,693.26 Lacs) against which a sum of **Rs.268.79 Lacs** (Previous Year Rs.173.44 Lacs) has been paid under protest which appears under advances recoverable in cash or in kind. In the opinion of the management there is no contingent liability, for the said disputed tax demand in view of favourable appellate decisions in the company's own cases in the earlier years.

**5) Disclosure as per Accounting Standard -19 'Leases':**

**Financial Lease( including Hire Purchase loans after 01/04/2001)**

**(Rs. in Lacs)**

	As on 31st March 2006	Receivable in		
		Not Later than 1 Year	Later than 1 Year but not later than 5 Years	Later than 5 Years
Gross Investment	79,597.53	48,597.94	30,999.59	-
<b>LESS</b>				
Unearned Income	19,583.19	12,045.95	7,537.24	-
Net Present Value	60,014.34	36,551.99	23,462.35	-

- 6) 53,88,350- Cumulative Redeemable Preference Shares (including 28,28,220 preference shares of amalgamating company SIL and 29,480 preference shares of amalgamating company SOFL) were redeemed during the year prior to the scheduled redemption date, as per the terms of the issue and equivalent amount is appropriated towards Capital Redemption Reserve.

**B) General:**

- i) The Company has issued 1,60,00,000 Warrants on Preferential basis with an option to convert into Equity Shares of Rs.112/- each including Premium of Rs.102/- within 18 months from the date of issue i.e. 02.02.2006.
- ii) In the opinion of the Management, Sundry Debtors, Current Assets and Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- iii) Recovery of Service Tax on Lease and Hire Purchase Transactions is kept in abeyance in view of the stay granted by Madras High Court. If any Liability arises it will be recovered from the concerned parties. However, pending decision from the Madras High Court, Service Tax is provided for on termination of contracts.
- iv) In view of uncertainty as to measurability and collectability, additional finance charges are treated to accrue only on realization which were accounted for as per the terms of agreement till the previous year. Had the earlier accounting policy been continued, the income from operations for the year would have been higher by Rs.1,941.09 Lacs.
- v) Gain or loss arising on securitisation up to 31<sup>st</sup> January 2006 being difference between book value of securitised assets and consideration for the same has been recognized in the year of transfer of such assets. In case of securitisation of assets done thereafter, the income is recognized over the tenure of agreements as per the RBI Guidelines. Had the earlier accounting policy been followed, the income from operations for the year would have been higher by Rs. 488.09 Lacs.
- vi) Employee Stock Option Scheme (ESOS)

In October 2005, pursuant to the approval of shareholders at the Extraordinary General Body Meeting, the Company approved an Employee Stock Option Scheme (ESOS). Under the scheme, the Company is authorized to issue up to 63,03,094 (including 30,31,667 shares for employees of amalgamating company i.e. Shriram Investments Limited) equity shares to eligible employees. Eligible employees

are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over four years. The options can be exercised within ten years from the date of vesting. 29,62,500 options have been granted under the scheme till the year ended 31st March 2006.

The Company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The value of shares Rs.110.10 (for amalgamating company i.e. Shriram Investments limited it is Rs. 103.84) is worked out based on the market prices at the time of grant. The difference between the market value and the exercise price of Rs. 35/- is being amortised as employee compensation cost over the vesting period. Commencing from the date of grant i.e. 31<sup>st</sup> October 2005 the total amount to be amortised over the vesting period is Rs.2,120.92 Lacs.

Accordingly the charge to Profit & Loss account during the current year is Rs. 353.49 Lacs whereas amount to be provided in future is Rs.1,767.43 Lacs.

Stock option activity under the scheme is set out:

As at	31 <sup>st</sup> March 2006	31 <sup>st</sup> March 2005
Stock Option outstanding at the beginning of the year	Nil	Nil
Granted during the year	29,62,500	Nil
Forfeited during the year	Nil	Nil
Exercised during the year	Nil	Nil
<b>Stock Options outstanding at the end of the year</b>	29,62,500	Nil

Vesting period in years	Expected Vesting
1	296,250
2	592,500
3	888,750
4	1,185,000

vii) Earning Per Share

Particulars	Unit	For the year ended	
		March 2006	March 2005
<b>Basic</b>			
Weighted Average No. of Shares Outstanding	Nos.(Lakh)	1461.41	515.72
Profit after Tax & Preference Div and tax thereon	Rs. in Lakh	13681.00	4674.35
Earning Per share (Face value of Rs.10/- per share)	(Rs.)	9.36	9.06
<b>Diluted</b>			
Optionally Convertible Warrants	Nos.(Lakh)	82.58	3.58
Employee Stock Option Scheme	Nos.(Lakh)	3.39	Nil
Weighted Average No. of Shares Outstanding	Nos.(Lakh)	1547.38	519.30
Earning Per share (Face value of Rs.10/- per share)	(Rs.)	8.84	9.00
<b>Reconciliation of basic and diluted shares used in computing EPS</b>			
Number of shares considered as basic Weighted Average Shares outstanding	Nos.(Lakh)	1461.41	515.72
Add: Effect of Optionally Convertible Warrants	Nos.(Lakh)	82.58	3.58
Add: Effect of ESOS	Nos.(Lakh)	3.39	Nil
Number of shares considered as diluted Weighted Average Shares and potential shares outstanding	Nos.(Lakh)	1547.38	519.30

viii) Related Party Transactions:

i) Items	Enterprises having significant influence over the Company			
	Shriram Financial Services Holding Private Limited		Shriram Holdings (Madras) Private Limited	
	31 <sup>st</sup> March 2006	31 <sup>st</sup> March 2005	31 <sup>st</sup> March 2006	31 <sup>st</sup> March 2005
<b>Payments</b>				
Royalty	212.35	81.3	-	-
Data Sourcing Fees	114.67	39.01	-	-
Services Charges	688.02	156.51	-	-
Equity Dividend	0.25	237.77	1,257.57	7.13
Preference Dividend	418.39	216.67	-	-
Redemption of Preference Share Capital	5147.93	-	-	-
<b>Receipts</b>				
Sale of Assets	127.24	-	-	-
Subscription of Equity shares	-	-	30687.67	-
Subscription to Optionally Convertible Warrants	-	-	1792.00	-

ii) The Salary & Perquisites paid to the Managing Director for the current year is Rs.29.24 Lacs (previous year Rs.6.39 Lacs) includes Rs.5.97 Lacs arising out of ESOS, Rs 4.77 Lacs paid to the Managing Director of Shriram Investments Limited and Rs.9.63 Lacs paid to Managing director of Shriram Overseas Finance Limited.

ix) Segment Reporting:

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

x) The exchange risk on principal and interest amount on foreign currency loan from Foreign Institution has been hedged with a Banker and the liability has been converted into Indian Rupees.

xi) The Company is in the process of creating floating charge on its Statutory Liquid Assets in favour of its depositors as required by Reserve Bank of India.

	<b>(Rs. in Lacs)</b>	
	Year ended 31.03.2006	Year ended 31.03.2005
xii) Remuneration to Managing Director (including remuneration paid to Managing directors of amalgamating companies viz; SIL and SOFL)		
Salary (including ESOS)	25.12	5.48
Perquisites / Payments	4.12	0.91
xiii) Expenditure in Foreign Currency	5.25	5.31
xiv) The Company does not have any dues payable to Small Scale Industrial units		
xv) The Company is engaged in generating power out of windmills .The details are as under:		

	Year ended	Year ended
--	------------	------------

	31.03.2006	31.03.2005
Licensed Capacity	Not applicable	Not applicable
Installed Capacity	23,180 kwh	8,650 kwh
Units Generated (Net of captive consumption)	36,242,528	14,635,956
Units Sold	36,242,528	14,635,956
Sale Value (Rs. in Lacs)	1,117.99	491.73

- xvi) Other particulars as per clauses 4(c) & (d) of Part II of Schedule VI are not furnished, since the same are not applicable.
- xvii) Expenses in respect of common branches and infrastructure are shared by the Company with other Companies and are booked under respective expenditure heads.
- xviii) Estimated amount of contracts remaining to be executed on capital account and provided for (net of advances paid) Rs. 791.40 Lacs (Previous year Rs. 100 Lacs)
- xix) Borrowing costs aggregating to Rs. 62.01 Lacs (Previous year Nil) being interest and other costs on specific term loan from a bank for Bio Mass Plant under construction have been capitalized during the year and are included in 'Capital Work in Progress'.

xx) Derivative Transactions:

- There are 6 (Previous Year – Nil) Derivative instruments for hedging interest rate risk outstanding as on 31<sup>st</sup> March 2006.
- The foreign currency exposures that are not hedged by a derivative instrument or otherwise is Nil. ( Previous Year – Nil )

xxi) Amalgamation

- a) Shriram Investments Limited (SIL) and Shriram Overseas Finance Limited (SOFL) both Non Banking Financial Companies were amalgamated with the Company with effect from 01.04.2005 in accordance with the Order of the Hon'ble High Court of Judicature of Madras dated 25.11.2005 and 01.12.2006 respectively.

Shriram Reckon Trucks Limited was merged with Shriram Overseas Finance Limited with effect from 1<sup>st</sup> April 2005 as per the Orders of the Hon'ble High Court of Judicature of Madras dated 14.07.2006 and the Hon'ble High Court of Judicature of Bombay dated 18.08.2006.

The business of SIL and SOFL primarily comprises financing of Commercial Vehicles.

The amalgamations have been accounted for under the "Pooling of Interests method" in accordance with Accounting Standard (AS)14 – "Accounting for Amalgamations" issued by ICAI.

- b) The schemes of amalgamation have been given effect to in the accounts. The assets and liabilities of SIL and SOFL have been transferred to and vest with the company with effect from 01.04.2005.
- c) The equity shareholders of SIL are entitled to 1 Equity share of Rs. 10/- each in the Company for every Equity share of Rs 10/- each held in SIL. Accordingly 6,06,33,350 Equity Shares of Rs. 10/- each amounting to Rs 6,063.33 Lacs were allotted to the shareholders of SIL.
- d) The shareholders of SOFL are entitled to 6 shares of Rs 10/- each in the Company for every 10 Equity shares of Rs 10/- each held in SOFL. Accordingly 1,86,45,886 Equity Shares of Rs.10/- each (including fractional entitlements) amounting to Rs.1864.59 Lacs are to be allotted to shareholders of SOFL and has been reflected in the balance sheet under "Equity Share Capital Suspense Account". The dividend payable on these shares @ 30% and tax on distributed profits has been provided for,

pursuant to the scheme of amalgamation.

As per the scheme of amalgamation the transferee company shall allot the new shares to a Trust/ Director or Officer of transferee company against the fractional entitlements of transferor company's (i.e. SOFL ) shareholders. These shares shall be held by such Trust/ Director/ Officer for and on behalf of such shareholders and will be sold at appropriate time and price. The net sale proceeds shall be distributed among the shareholders in proportionate to their shareholdings.

- e) The amount of Rs 1,243.06 Lacs being the difference between the paid up Equity share capital of amalgamating company i.e. SOFL and the paid up value of shares issued to SOFL share holders is shown under "General Reserve" in accordance with the scheme of amalgamation as approved by the Honourable High Court of Judicature of Madras.
  - f) The figures of the current year includes figures of amalgamating companies viz; Shriram Investments Limited and Shriram Overseas Finance Limited. Therefore, the figures of the current year are not comparable with those of the previous year.
- xxii) Figures for the previous year have been regrouped/rearranged wherever necessary to conform to the classification of the current year.

**Notes to Accounts for the year 2004 - 2005**

**1) SECURED LOANS**

**a) Privately placed Redeemable Non-convertible Debentures:**

	<b>As on 31.03.2005</b>
Redeemable Non-Convertible Debentures (Number)	8,655,836
of Rs.1000/- each (Amount in Lacs)	86,558.36

Secured by mortgage of office premises, charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, leased assets, lease rentals including future receivables, loans, advances and other 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 over a period of 6 months to 160 months from the date of allotment depending on the terms of the agreement.

<b>b) Term Loans</b>	<b>(Rs. in Lacs)</b>
<b>i From Financial Institutions / Corporate:</b>	<b>As on 31.03.2005</b>
a) Secured by an exclusive charge by way of hypothecation of specific movable assets being Fixed / Current assets relating to Lease and Hire Purchase Agreements.	13400.65
b) Secured by an exclusive charge by way of Hypothecation of specific immovable/ movable assets pertaining to the wind farm	2,590.44
<b>ii From Foreign Institution :</b>	<b>3,259.20</b>
Secured by an exclusive charge by way of hypothecation of specific Hire Purchase agreements and all amounts owing to and received by the Company pursuant to the above Hire Purchase Agreements	
<b>iii From Banks</b>	
a) Secured by Hypothecation of Vehicles	1.35
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being Fixed / Current assets relating to Lease, Hypothecation Loans and Hire -Purchase Agreements/ Loan agreements	21,031.04
<b>c Cash Credit from Banks:</b>	<b>3,157.91</b>
Secured by hypothecation of specific assets covered under Hire-Purchase/Lease/Loan Agreements, Book debts and guaranteed by Former Director of the Company	
<b>2 Subordinated Debt:</b>	
The Company has raised Tier II capital by issue of Subordinated Debt bonds amounting to Rs. 9,401.10 Lacs with coupon rate of 8% to 11% per annum, which are redeemable over a period of 63 months to 80 months.	-
<b>3) Contingent Liabilities in respect of:</b>	
	<b>(Rs. in Lacs)</b>
	<b>as on 31.03.2005</b>
Guarantees issued by the Company to Banks	2,628.82
(out of which amount outstanding)	411.04

Guarantees issued by the Company to Others (out of which amount outstanding)	3,779.90 360.33
In respect of Securitised Assets	11,944.20
In respect of portfolio management	1,846.28

Disputed Income Tax/Interest Tax demand contested in appeals not provided for **Rs.2,693.26 Lacs** against which a sum of **Rs.173.44 Lacs** has been paid under protest which appears under advances recoverable in cash or in kind. In the opinion of the management there is no contingent liability, for the said disputed tax demand in view of favourable appellate decisions in the company's own cases in the earlier years.

#### 4) Disclosure as per Accounting Standard – 19:

##### On Financial Lease

(Rs. in Lacs)

	As on 31st March 2005	RECEIVABLE IN		
		Not Later than 1 Year	Later than 1 Year but not later than 5 Years	Later than 5 Years
GROSS INVESTMENT	36,424.63	15,468.16	20,956.47	-
<b>LESS</b>				
UNEARNED INCOME	10,999.45	5,637.11	5,362.34	-
NET PRESENT VALUE	25,425.18	9,831.05	15,594.13	-

##### On Hire Purchase (for Agreement entered from 01/04/2001)

(Rs. in Lacs)

	As on 31st March 2005	RECEIVABLE IN		
		Not Later than 1 Year	Later than 1 Year but not later than 5 Years	Later than 5 Years
GROSS INVESTMENT	32,745.78	17,243.06	15,502.72	-
<b>LESS</b>				
UNEARNED INCOME	9,061.00	4,002.48	5,058.52	-
NET PRESENT VALUE	23,684.78	13,240.58	10,444.20	-

#### 5) General:

- i) The Company has issued 29,66,000 Warrants on Preferential basis with an option to convert into Equity Shares of Rs.35/- each including Premium of Rs.25/- within 18 months from the date of issue i.e 16.02.2005.
- ii) The levy of Sales tax on lease transactions has been challenged in writ proceedings. The liability, if arises, will be recovered from the concerned lessees. There are no demands outstanding.
- iii) In the opinion of the Board of Directors, the Sundry Debtors, Current Assets and Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.
- iv) Recovery of Service Tax on Lease and Hire Purchase Transactions is kept in abeyance in view of the stay granted by Madras High Court. Liability if arises will be recovered from the concerned parties. However, Service Tax recoverable is written off on termination of a contract.

v) Earning Per Share

Particulars	Unit	For the year ended March 2005
<b>Basic</b>		
Opening No. of Shares	Nos.(Lakh)	418.99
Total No. of Shares Outstanding	Nos.(Lakh)	654.28
Weighted Average No. of Shares Outstanding	Nos.(Lakh)	515.72
Profit after Tax	Rs. in Lakh	4,674.35
Earning Per share (Face value of Rs.10/- per share)	(Rs.)	9.06
<b>Diluted</b>		
Optionally Convertible Warrants	Nos.(Lakh)	3.58
Weighted Average No. of Shares Outstanding	Nos.(Lakh)	519.30
Earning Per share (Face value of Rs.10/- per share)	(Rs.)	9.00
<b>Reconciliation of basic and diluted shares used in computing EPS</b>		
Number of shares considered as basic Weighted Average Shares outstanding	Nos.(Lakh)	515.72
Add: Effect of Optionally Convertible Warrants	Nos.(Lakh)	3.58
Number of shares considered as diluted Weighted Average Shares and potential shares outstanding	Nos.(Lakh)	519.30

vi) Related Party Transactions:

Key Personnel:

Managing Director : Mr. R. Sridhar  
Remuneration : Rs. 6.39 Lacs

vii) Segment Reporting:

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 issued by The Institute of Chartered Accountants of India.

viii) Deferred Tax liability arising on account of timing difference comprising of Depreciation, Lease Adjustments, Additional Finance Charges, Deferred Revenue Expenses and other items has been provided in accordance with Accounting Standard 22 issued by The Institute of Chartered Accountants of India.

ix) Principle amount of foreign currency loan from Foreign Institution and Interest payable thereon has been hedged with a Banker.

x) The Company is in the process of creating floating charge on its Statutory Liquid Assets in favour of its depositors as required by Reserve Bank of India.

xi) Charge has been created by way of equitable mortgage of title deeds for Rs.100 Lacs on the immovable property of the Company in favour of a bank in respect of credit facility sanctioned to an Associate Company.

**(Rs. in Lacs)**  
**Year ended**  
**31.03.2005**

xii) Remuneration to Managing Director	
Salary	5.48
Perquisite Payments	0.91

- xiii) Expenditure in Foreign Currency 5.31
- xiv) The Company does not have any dues payable to Small Scale Industrial Units
- xv) The Company is engaged in generating power out of windmills. The details are as under:
- |   | <b>Year ended<br/>31.03.2005</b> |
|---|----------------------------------|
| Licensed Capacity                               | Not applicable                   |
| Installed Capacity                              | 8,650 kwh                        |
| Units Generated<br>(Net of captive consumption) | 14,635956 Units                  |
| Units Sold                                      | 14,635956 Units                  |
| Sale Value (Rs.)                                | 491.73 Lacs                      |
- xvi) Other particulars as per clauses 4(c) & (d) of Part II of Schedule VI are not furnished, since the same are not applicable
- xvii) The expenses in respect of common offices and infrastructure of various Companies are shared by the company as certified by the Management of the respective companies
- xviii) Estimated amount of contract remaining to be executed on capital account not provided for (net of advances paid) Rs. 100 Lacs



**Schedules annexed to and forming part of the accounts**

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 31.03.2009		As on 31.03.2008		As on 31.03.2007		As on 31.03.2006		As on 31.03.2005	
		Amount outstanding	Amount overdue								
(1)	<b>Liabilities side :</b>										
	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>										
	(a) Debenture : Secured	536,055.62	6,073.49#	353,719.95	7,305.65#	213,834.11	2,835.23#	218,762.61	3,861.88#	101,793.72	1,948.62#
	Unsecured (other than falling within the meaning of public deposits*)	2,631.34	-	4,053.71	-	13,184.44	-	10,490.59	-	2,521.66	-
	(b) Deferred Credits	-	-	-	-	-	-	-	-	-	-
	(c) Term Loans	939,062.12	-	777,522.88	-	421,006.01	-	150,899.23	-	40,440.53	12.71
	(d) Inter-corporate loans and borrowing	4,811.04	-	124.11	-	30.00	-	33.05	-	15.00	-
	(e) Commercial Paper	48,250.00	-	21,695.00	-	34,000.00	-	-	-	-	-
	(f) Public Deposits*	613.10	85.95#	472.36	68.95 #	1,315.55	81.13#	1,783.97	138.69#	1,388.26	126.30#
	(g) Other Loans - Subordinate	177,778.76	817.05#	112,526.59	-	73,948.59	-	41,067.82	-	12,829.10	-



	Debts										
	- Cash Credit	316,623.70	-	225,646.66	-	104,118.36	-	54,820.74	-	3,157.91	-
	- HP Refinance Loan	-	-	-	-	-	-	110.39	-	-	-
	- Corporate Loan	71,000.00	-	46,000.00	-	47,166.10	-	332.20	-	-	-

\*Please see Note 1 below

	Particulars	As on 31.03.2009		As on 31.03.2008		As on 31.03.2007		As on 31.03.2006		As on 31.03.2005	
		Amount outstanding	Amount overdue								
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>										
	(a) In the form of Unsecured debentures	-	-	-	-	-	-	-	-	-	-
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-	-	-	-	-	-	-
	(c) Other public	613.10	85.95#	472.36	68.95 #	1,315.55	81.13#	1,783.97	138.69#	1,388.26	126.30#



	deposits									
*Please see Note 1 below										
# Represent amounts unclaimed										
	<b>Assets side :</b>									
		<b>Amount outstanding</b>								
<b>(3)</b>	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below ):</b>									
	(a) Secured	1,336.80	2,178.12	4,343.55	5,244.18				3,135.44	
	(b) Unsecured	2,406.89	1,946.23	-	31.07				35.00	
	<b>Particulars</b>	<b>As on 31.03.2009</b>	<b>As on 31.03.2008</b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>	<b>As on 31.03.2005</b>				
<b>(4)</b>	<b>Break up of Leased Assets and stock on hire counting towards AFC activities</b>	<b>Amount outstanding</b>								
	(i) Lease assets including lease rentals under sundry debtors:									
	(a) Financial lease	-	7,042.41	22,040.19	39,493.12				25,621.31	
	(b) Operating lease	-	-	-	-				-	
	(ii) Stock on Hire including hire									



	charges under sundry debtors:					
	(a) Assets on hire	-	-	5,665.49	27,314.38	28,692.92
	(b) Repossessed Assets	-	-	-	-	5.78
	(iii) Other loans counting towards AFC Activities :					
	(a) Loans where assets have been repossessed	-	-	56.23	159.48	4.86
	(b) Loans other than (a) above	1,790,311.88	1,500,224.10	793,068.46	464,717.20	100,579.11
	<b>Particulars</b>	<b>As on 31.03.2009</b>	<b>As on 31.03.2008</b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>	<b>As on 31.03.2005</b>
<b>(5)</b>	<b>Break-up of Investments :</b>	<b>Amount outstanding</b>				
	Current Investments :					
	1. Quoted :					
	(I) Shares :	240.00	-	-	-	-
	(a) Equity					
	(b) Preference	-	-	-	-	-
	(ii) Debenture and Bonds	-	-	-	-	-
	(iii) Units of mutual funds	-	-	-	-	-
	(iv) Government Securities	-	-	-	-	-
	(v) Others (Please specify)	-	-			
	<b>Particulars</b>	<b>As on 31.03.2009</b>	<b>As on 31.03.2008</b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>	<b>As on 31.03.2005</b>
	2. Unquoted :					
	(I) Shares:	-	-	4.99	-	-



(a) Equity						
(b) Preference	-	-	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-	-	-
(iii) Units of mutual funds	-	-	20,614.74	-	-	-
(iv) Government Securities	-	-	-	-	-	-
(v) Others - Investment in Certificate of Deposits	62,413.82	136,932.08	-	-	-	-
Long Term investments :						
1. Quoted :						
(I) Shares : (a) Equity	-	240.00	240.71	243.62	120.00	
(b) Preference	-	-	-	-	-	-
(ii) Debentures and Bonds	-	-	-	5.03	5.00	
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government Securities	283.00	427.44	592.29	592.34	272.78	
(v) Others (Please specify)	-	-	-	-	-	-
2. Unquoted :						
(I) Shares: (a) Equity	207.50	162.50	254.36	74.36	9.71	
(b) Preference	10.00	-	-	-	-	-
(ii) Debentures and Bonds	-	-	-	-	-	-
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government Securities	-	-	-	-	-	-



	(v) Others -National Saving Certificate	-	-	-	-	0.07	0.07	-	-	-	-
	Others -Investment in SOT and Bharat Securatisation Trust -Pass Through Certificate	2,322.01	750.00	750.00	750.00	-	-	-	-	-	-
(6)	<b>Borrower group-wise classification of assets, financed as in (3) and (4) above : Please see Note 2 below</b>	<b>As on 31.03.09</b>		<b>As on 31.03.08</b>		<b>As on 31.03.07</b>		<b>As on 31.03.06</b>		<b>As on 31.03.05</b>	
	<b>Category</b>	<b>Amount ( Net of provisions )</b>									
		<b>Secured</b>	<b>Unsecured</b>								
	1. Related Parties **										
	(a) Subsidiaries	-	-	-	-	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-	-	-	-	-
	( c ) Other related parties	-	-	-	-	-	-	-	-	-	-
	2. Other than related parties	1,767,963.82	2,406.89	1,499,155.09	1,946.23	818,785.43	-	532,562.95	31.07	156,707.24	35.00
(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below</b>	<b>As on 31.03.2009</b>		<b>As on 31.03.2008</b>		<b>As on 31.03.2007</b>		<b>As on 31.03.2006</b>		<b>As on 31.03.2005</b>	
	<b>Category</b>	<b>Market Value / Break up or fair</b>	<b>Book Value (Net of Provisions)</b>	<b>Market Value / Break up or fair</b>	<b>Book Value (Net of Provisions)</b>	<b>Market Value / Break up or fair</b>	<b>Book Value (Net of Provisions)</b>	<b>Market Value / Break up or fair</b>	<b>Book Value (Net of Provisions)</b>	<b>Market Value / Break up or fair</b>	<b>Book Value (Net of Provisions)</b>



	value or NAV*		value or NAV*		value or NAV*		value or NAV*		value or NAV*		value or NAV*
1. Related Parties **											
(a) Subsidiaries	-	-	-	-	-	4.99	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-	-	-	-	-	-
(c) Other related parties	270.00	240.00	504.00	240.00	360.00	420.00	320.40	58.80	29.40	29.40	
2. Other than related parties	65,051.52	65,009.31	138,151.39	138,126.13	21,192.24	21,931.86	614.40	588.71	301.41	274.24	

\* Disclosure is made in respect of available information.

\*\* As per Accounting Standard of ICAI (Please see Note 3)

(8)	Other information	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
	Particulars	Amount	Amount	Amount	Amount	Amount
(I)	Gross Non-Performing Assets					
	(a) Related parties	-	-	-	-	-
	(b) Other than related parties	38,431.39	23,843.32	17,404.19	6,705.74	2,280.80
(ii)	Net Non-Performing Assets					
	(a) Related parties	-	-	-	-	-
	(b) Other than related parties	14,746.53	13,553.78	11,015.70	2,340.32	948.65
(iii)	Assets acquired in satisfaction of	-	-	-	-	-



	debt					
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**Notes:**

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
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



## DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

### A. Details of Secured Borrowings:

Our Company's secured borrowings as on March 31, 2009 amount to Rs. 1,677,459.31 lakhs. The details of the individual borrowings are set out below:

*(Rs. In lakhs)*

<b>TERM LOANS FROM BANKS</b>			
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding as on March 31, 2009</b>	<b>Maturity date</b>
Andhra Bank	26/12/2008	10,000.00	26/12/2009
Barclays Bank	04/02/2009	3,000.00	03/08/2009
ABN-Amro Bank	21/03/2007	6,000.00	21/03/2010
Allahabad Bank	26/09/2007	2,099.84	26/09/2012
Andhra Bank	16/03/2009	10,000.00	16/03/2013
Axis Bank	24/03/2009	50,000.00	24/09/2010
Bank of America	10/12/2007	30,000.00	10/12/2009
Bank of America	09/01/2009	2,500.00	08/07/2009
Bank of India	05/11/2007	6,666.56	01/11/2011
Bank of Tokyo	24/03/2009	5,000.00	24/09/2009
Barclays Bank	14/12/2008	4,100.00	12/04/2009
Barclays Bank	26/03/2009	7,500.00	26/09/2009
Calyon Bank	24/03/2008	2,000.00	24/03/2011
Calyon Bank	28/04/2008	3,000.00	27/04/2011
Calyon Bank	16/11/2007	5,000.00	15/10/2010
Canara Bank	31/03/2009	25,000.00	31/03/2013
Canara Bank	17/10/2008	18,750.00	17/10/2012
Canara Bank	05/11/2008	18,750.00	05/11/2012
Central Bank of India	23/06/2006	10,000.00	23/06/2009
China Trust Commerce Bank	14/10/2008	1,500.00	14/10/2009
CITI Bank NA	21/04/2008	10,000.00	21/04/2009
CITI Bank NA	28/07/2008	5,000.00	28/07/2009
CITI Bank NA	28/07/2008	5,000.00	28/10/2009
CITI Bank NA	31/07/2008	10,000.00	31/07/2009

<b>TERM LOANS FROM BANKS</b>			
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding as on March 31, 2009</b>	<b>Maturity date</b>
Corporation Bank	25/03/2009	3,000.00	25/06/2009
Corporation Bank	26/03/2009	2,500.00	26/03/2013
Development Bank of Singapore	05/03/2009	2,650.00	05/09/2010
Development Bank of Singapore	24/12/2008	2,300.00	22/06/2009
Development Bank of Singapore	24/12/2008	2,000.00	22/06/2009
Development Bank of Singapore	18/09/2008	6,210.00	18/03/2010
Development Bank of Singapore	23/06/2006	380.00	23/06/2009
Development Bank of Singapore	23/03/2007	1,640.00	23/03/2010
Development Bank of Singapore	27/09/2007	7,500.00	27/09/2010
Dena Bank	20/03/2009	5,000.00	20/04/2009
Dena Bank	23/09/2008	16,666.67	23/09/2011
Deutsche Bank	30/05/2008	10,000.00	30/05/2011
Deutsche Bank	30/05/2008	10,000.00	30/05/2010
Federal Bank	18/03/2009	5,000.00	18/03/2010
HDFC Bank	25/07/2008	7,500.00	25/07/2012
HDFC Bank	04/03/2009	6,000.00	04/03/2010
HDFC Bank	01/09/2006	666.67	29/09/2009
HDFC Bank	19/01/2007	1,825.00	19/01/2010
HSBC Bank	29/04/2008	10,000.00	29/04/2010
HSBC Bank	17/10/2008	9,730.00	19/10/2009
HSBC Bank	04/08/2008	10,000.00	04/08/2010
HSBC Bank	25/03/2009	9,250.00	26/04/2010
HSBC Bank	01/06/2007	4,052.00	29/05/2009
HSBC Bank	10/09/2007	4,093.50	10/09/2009
ICICI Bank	26/03/2009	30,000.00	26/09/2009

<b>TERM LOANS FROM BANKS</b>			
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding as on March 31, 2009</b>	<b>Maturity date</b>
ICICI Bank	28/04/2008	18,750.00	27/04/2011
ICICI Bank	29/12/2006	1,250.00	31/12/2009
ICICI Bank	29/03/2007	1,666.67	31/03/2010
IDBI Bank	24/03/2009	15,000.00	24/09/2012
IDBI Bank	04/12/2006	10,000.00	04/12/2009
IDBI Bank	03/03/2008	5,357.40	01/07/2011
IDBI-T/L-4A	24/10/2008	5,000.00	01/07/2012
IDBI Bank	10/12/2008	10,000.00	01/07/2012
Indian Bank	28/09/2007	2,430.20	28/06/2010
Indian Bank	05/03/2009	10,000.00	05/12/2011
Indian Bank	04/04/2006	161.99	04/04/2009
Indian Bank	01/11/2006	1,101.46	01/11/2009
Indian Bank	25/03/2008	3,320.46	25/12/2010
Indian Overseas Bank	18/02/2009	20,000.00	18/02/2010
INDUSIND Bank	14/09/2007	2,996.00	14/09/2010
INDUSIND Bank	16/12/2008	3,900.00	16/12/2009
ING Vysya	31/12/2007	3,791.67	31/12/2010
ING Vysya	02/12/2008	3,208.33	28/12/2011
ING Vysya	29/12/2006	624.96	29/12/2009
J P Morgan Chase Bank	16/03/2009	4,700.00	06/04/2010
J P Morgan Chase Bank	27/03/2008	5,065.00	06/04/2009
Jammu & Kashmir Bank	08/05/2006	635.35	08/05/2009
Karur Vysya	09/11/2006	500.00	09/11/2010
Karur Vysya	21/01/2009	800.00	21/04/2009
Oriental Bank of Commerce	28/02/2008	15,345.23	28/02/2012

<b>TERM LOANS FROM BANKS</b>			
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding as on March 31, 2009</b>	<b>Maturity date</b>
Oriental Bank of Commerce	22/11/2007	5,949.42	30/11/2010
Punjab & Sind Bank	16/04/2008	5,000.00	15/04/2011
Punjab National Bank	15/10/2008	17,142.85	15/09/2011
Ratnakar Bank	21/08/2006	88.00	21/08/2009
Ratnakar Bank	20/12/2007	1,718.60	20/12/2011
State Bank of Hyderabad	23/03/2007	3,335.67	23/03/2010
State Bank of Mysore	29/09/2006	939.86	28/09/2010
State Bank of Mysore	22/06/2007	5,401.54	22/06/2011
Shinhan Bank	09/02/2009	2,800.00	09/02/2010
Society General	29/10/2007	3,280.00	20/11/2010
Society General	14/03/2008	774.38	20/12/2010
South Indian Bank	18/08/2008	4,375.00	18/08/2012
South Indian Bank	20/03/2009	2,500.00	20/03/2013
Standard Chartered Bank	03/03/2009	7,500.00	22/05/2009
Standard Chartered Bank	04/03/2009	8,700.00	04/03/2011
Standard Chartered Bank	06/05/2008	7,280.00	06/05/2010
State Bank of Bikaner & Jaipur	16/06/2006	413.00	16/06/2009
State Bank of Bikaner & Jaipur	08/11/2007	2,920.00	08/11/2010
State Bank of Bikaner & Jaipur	31/03/2009	2,500.00	31/03/2013
State Bank of Hyderabad	21/01/2008	11,249.40	21/01/2012
State Bank of Indore	23/06/2006	500.00	23/06/2009
State Bank of Mauritius	19/01/2009	2,250.00	19/01/2012
State Bank of Mysore	05/03/2009	9,999.97	05/03/2013
State Bank of Mysore	26/11/2007	6,671.58	26/11/2011
State Bank of Mysore	19/09/2008	13,120.86	01/10/2012

<b>TERM LOANS FROM BANKS</b>			
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding as on March 31, 2009</b>	<b>Maturity date</b>
State Bank of Patiala	29/12/2006	1,247.00	29/12/2009
State Bank of Patiala	28/02/2007	1,664.00	28/02/2010
State Bank of Patiala	05/10/2007	7,000.00	05/10/2010
State Bank of Patiala	30/07/2008	20,000.00	30/07/2012
State Bank of Saurashtra	31/07/2007	3,739.94	31/07/2010
State Bank of Travancore	28/06/2007	2,083.34	28/06/2010
State Bank OF Travancore	29/01/2009	7,499.97	29/01/2012
Tamil Nadu Mercantile Bank	29/09/2006	937.45	29/09/2010
UCO Bank	18/03/2009	10,000.00	18/03/2010
Union Bank of India	08/06/2006	10,000.00	31/05/2009
Union Bank of India	20/03/2009	10,000.00	20/03/2010
United Bank of India	06/10/2006	972.00	06/10/2009
United Bank of India	31/12/2008	10,000.00	01/01/2013
United Bank of India	03/06/2008	4,062.50	01/06/2012
United Bank of India	13/03/2009	15,000.00	01/04/2013
Axis Bank	18/02/2008	10,000.00	17/02/2011
Axis Bank	20/10/2008	20,000.00	19/10/2010
Vijaya Bank	28/09/2006	1,875.00	28/09/2010
Vijaya Bank	28/02/2008	3,750.00	28/02/2012
Bank of Maharashtra	23/11/2005	969.99	22/05/2013
ICICI Car Loan	05/06/2006	2.39	05/05/2011
ICICI Car Loan	10/02/2006	3.97	10/02/2011
HDFC Car Loan	30/09/2004	0.03	02/08/2009
YES Bank	04/10/2005	1,710.90	04/10/2011
<b>Total</b>		<b>833,363.58</b>	



(Rs. In lakhs)

<b>TERM LOANS FROM OTHERS</b>			
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding on March 31, 2009</b>	<b>Maturity date</b>
IDFC	30/12/2005	250.00	15/04/2010
IDFC	07/03/2006	7,000.00	15/03/2011
IDFC	31/01/2007	12,000.00	15/02/2012
IDFC	31/03/2005	500.00	15/03/2010
L&T Finance Limited	02/03/2005	973.49	02/03/2011
L&T Finance Limited	29/06/2005	1,084.23	30/06/2011
L&T Finance Limited	02/01/2006	1,334.18	02/01/2012
Life Insurance Corporation	14/06/2006	4,500.00	31/05/2011
Small Industries Development Bank of India	29/09/2008	8,800.00	31/08/2011
Small Industries Development Bank of India	02/01/2006	742.00	01/12/2010
Small Industries Development Bank of India	15/03/2007	1,660.00	01/02/2010
Small Industries Development Bank of India	31/12/2007	3,050.00	30/11/2010
Indian Renewable Energy Development Agency Limited	01/04/2004	665.72	30/06/2013
Indian Renewable Energy Development Agency Limited	01/04/2004	754.40	31/03/2013
Indian Renewable Energy Development Agency Limited	01/04/2004	754.40	31/03/2013
FMO, Netherlands ( SIL)	03/11/2003	362.13	02/04/2009
FMO, Netherlands ( STFC)	12/01/2004	362.13	02/04/2009
<b>Total</b>		<b>44,792.69</b>	

(Rs. In lakhs)

<b>CASH CREDIT FROM BANKS</b>		
<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding on March 31, 2009</b>
Abu Dhabi Commercial Bank	03/02/2009	1,484.09
Bank of America	19/09/2008	81.58
Bank of Bahrain & Kuwait	22/07/2008	916.01
Bank Of Baroda	19/11/2007	3,809.14
Bank of Ceylon	21/11/2008	596.74
Bank of India	02/01/2009	16,872.68
Bank of India	06/03/2009	30,187.40
Bank of Maharashtra	22/12/2008	9,942.03
Bank of Rajasthan	06/11/2007	2,472.38
Canara Bank	12/01/2009	7,370.15

**CASH CREDIT FROM BANKS**

<b>Particulars</b>	<b>Date of disbursement</b>	<b>Amount outstanding on March 31, 2009</b>
Central Bank of India	29/10/2008	9,638.40
CITI Bank	15/10/2007	4,427.35
City Union Bank	13/10/2008	4,921.00
Corporation Bank	16/01/2008	1,907.48
Development Credit Bank	24/01/2009	1,000.00
Development Credit Bank	22/12/2008	1,000.00
Development Credit Bank	31/01/2009	1,500.00
Development Credit Bank	28/02/2009	1,000.00
Dena Bank	30/01/2009	12,278.60
HDFC Bank	04/03/2009	1,855.71
ICICI Bank	05/03/2009	16,103.46
IDBI Bank	03/10/2008	2,898.52
IDBI Bank	19/11/2007	4,944.38
Indian Overseas Bank	18/02/2009	9,641.22
INDUSIND Bank	04/12/2008	0.08
Karnataka Bank	05/12/2007	9,927.64
Karur Vysya Bank	01/09/2008	161.00
Karur Vysya Bank WCDL	18/03/2009	702.74
Oriental Bank of Commerce	17/09/2008	14,779.21
Punjab National Bank	24/12/2007	5,960.86
Ratnakar Bank	11/08/2008	985.56
State Bank of India Commercial & International	30/12/2008	1,391.87
South Indian Bank	12/03/2008	4,930.76
State Bank of India	28/03/2008	29,843.53
State Bank of Indore	26/08/2008	10,006.70
State Bank of Patiala	24/07/2008	4,874.66
State Bank of Travancore	29/09/2008	6,778.06
Lakshmi Vilas Bank	17/03/2009	2,467.50
Lakshmi Vilas Bank	11/02/2009	4,500.00
UCO Bank	04/08/2008	14,730.07
Union Bank Of India	01/11/2008	21,882.75
United Bank of India	09/03/2009	14,305.70
Axis Bank Limited	10/01/2009	14,170.96
YES Bank	30/12/2008	7,375.77
<b>Total</b>		<b>316,623.70</b>



Our Company has issued secured redeemable non convertible debentures of face value of Rs 10,00,000 each on a private placement basis of which Rs. 2,85,700 lakhs is outstanding as on March 31, 2009, the details of which are set out below:

(Rs. In lakhs)

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
HDFC Trustee Company Limited A/C HDFC Cash Management Fund Treasury Advantage Plan	04/07/2007	5,000.00	04/07/2009
ICICI Prudential Life Insurance Company Limited	05/07/2007	2,500.00	05/07/2010
Franklin Templeton Fixed Tenure Fund Series II-60 Months Plan	05/07/2007	1,200.00	05/07/2010
Franklin Templeton Mutual Fund A/C Templeton Floating Rate Income Fund Long Term Plan	05/07/2007	900.00	05/07/2010
Franklin Templeton Fixed Tenure Fund Series IV-60 Months Plan	05/07/2007	300.00	05/07/2010
Franklin Templeton Fixed Tenure Fund Series I-60 MONTHS	05/07/2007	100.00	05/07/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 49	09/07/2007	4,500.00	05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS INST A Cash Plus Fund	09/07/2007	1,850.00	05/07/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Money Plus Fund	09/07/2007	1,750.00	05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS Credit Opportunities Cash Fund	09/07/2007	1,000.00	05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS Ultra Short Term Fund	09/07/2007	500.00	05/07/2010
Deutsche Trustee Services(India) Private Limited A/C DWS Fixed Term Fund Series 41	09/07/2007	400.00	05/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 36M June 2007	09/07/2007	1,590.00	09/07/2010
UTI-Retirement Benefit Pension Fund	09/07/2007	1,500.00	09/07/2010

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
Oscar Investments Limited	09/07/2007	1,500.00	09/07/2010
HDFC Standard Life Insurance Company Limited	09/07/2007	1,000.00	09/07/2010
Reliance General Insurance Company Limited	09/07/2007	500.00	09/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 17M November 2008(1)	09/07/2007	500.00	09/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 18M October 2008(1)	09/07/2007	200.00	09/07/2010
HDFC Trustee Company Limited A/C HDFC Cash Management Fund Treasury Advantage Plan	09/07/2007	200.00	09/07/2010
HDFC Trustee Company Limited A/C HDFC FMP 16M December 2008(1)	09/07/2007	10.00	09/07/2010
UTI-Liquid Cash Plan	18/07/2007	10,000.00	17/07/2009
Union Bank of India	30-Jul-07	2,500.00	30/07/2009
ICICI Prudential Flexible Income Plan	25/07/2007	3,350.00	25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 46- One Year Plan A	25/07/2007	1,800.00	25/07/2010
Fortis Money Plus Fund	25/07/2007	1,500.00	25/07/2010
ICICI prudential fixed Maturity Plan- Series 38- Two Year Plan	25/07/2007	1,110.00	25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 46- Two Year Plan C	25/07/2007	1,040.00	25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 41- Sixteen Months Plan	25/07/2007	880.00	25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 44- One Year Plan D	25/07/2007	820.00	25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 44- One Year Plan A	25/07/2007	600.00	25/07/2010
Fortis Fixed Term Plan Series 12- Plan A	25/07/2007	500.00	25/07/2010
Fortis Fixed Term Plan Series 13- Plan A	25/07/2007	500.00	25/07/2010
ICICI Prudential Fixed Maturity Plan- Series 44- One Year Plan B	25/07/2007	400.00	25/07/2010

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
UTI FTIF S-IV P-V- M-13	28/08/2007	1,700.00	28/04/2009
UTI FTIF Series III PLAN 20	28/08/2007	800.00	28/04/2009
HDFC Standard Life Insurance Company Limited	11/07/2007	1,000.00	09/07/2010
AXIS Bank Limited	25/07/2007	2,500.00	25/07/2010
DSP Blackrock Money Manager Fund	07/09/2007	2,500.00	04/09/2009
DSP Blackrock FMP 18M Series 1	07/09/2007	1,500.00	04/09/2009
UTI Unit Linked Insurance Plan	10/09/2007	1,000.00	10/09/2010
UTI Short Term FMP SR-1- 3 (251 D)	10/09/2007	1,350.00	10/09/2010
UTI CCP Advantage Fund	10/09/2007	150.00	10/09/2010
Axis Bank Limited	21/09/2007	2,500.00	21/09/2010
DSP Blackrock Money Manager Fund	13/09/2007	1,000.00	13/09/2009
UTI Children's Career Balanced Plan	05/10/2007	2,000.00	05/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 41	05/10/2007	880.00	05/10/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 45	05/10/2007	380.00	05/10/2010
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 47	05/10/2007	240.00	05/10/2010
Templeton India Short - Term Income Plan	12/10/2007	1,700.00	28/09/2009
Templeton India Ultra Short Bond Fund	12/10/2007	800.00	28/09/2009
Axis Bank Limited	15/10/2007	2,000.00	15/10/2010
DSP Blackrock Money Manager Fund	19/10/2007	4,000.00	18/10/2010
Templeton India Short - Term Income Plan	19/10/2007	2,000.00	18/10/2010
UTI- Retirement Benefit Pension Fund	19/10/2007	1,900.00	18/10/2010
Morgan Stanley India Capital Private Limited	19/10/2007	1,000.00	18/10/2010
UTI- Unit Scheme for Charitable and Religious	19/10/2007	600.00	18/10/2010

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
Trusts and Registered Societies			
FT India Monthly Income Plan	19/10/2007	500.00	18/10/2010
HDFC Trustee Company Limited- A/C HDFC FMP 18 M September 2007	19/10/2007	1,000.00	18/10/2009
HDFC Trustee Company Limited- A/C HDFC FMP 18 M October 2007	19/10/2007	1,000.00	18/10/2009
ICICI-Prudential Fixed Maturity Plan Series 41- Nineteen Months Plan	22/10/2007	2,500.00	22/10/2009
UTI- Liquid Cash Plan	19/10/2007	2,500.00	19/10/2010
UTI - Treasury Advantage Fund	19/10/2007	2,360.00	19/10/2010
UTI-Money Market Fund	19/10/2007	140.00	19/10/2010
ICICI Prudential Fixed Maturity Plan Series 41- Nineteen Months Plan	19/10/2007	2,350.00	18/10/2009
HDFC Trustee Company Limited- A/C HDFC FMP 18M October 2007	19/10/2007	1,500.00	18/10/2009
ICICI Prudential Flexible Plan	19/10/2007	1,250.00	18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Credit Opportunities Cash Fund	19/10/2007	1,000.00	18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Ultra Short Term Fund	19/10/2007	500.00	18/10/2009
ICICI Prudential Fixed Maturity Plan Series 43- Thirteen Months Plan C	19/10/2007	400.00	18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund Series 17	19/10/2007	350.00	18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Ultra Short Term Fund Series 53	19/10/2007	310.00	18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Ultra Short Term Fund Series 45	19/10/2007	200.00	18/10/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Insta Cash Plus Fund	19/10/2007	140.00	18/10/2009

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-VIII	09/10/2007	2,500.00	09/10/2009
Principal Trustee Company Private Limited A/C Principal Mutual Fund Principal Floating Rate Fund Flexible Maturity Plan (FMP)	30/10/2007	2,500.00	30/10/2009
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund Series-VII	30/10/2007	2,100.00	30/10/2009
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-IX	30/10/2007	400.00	30/10/2009
Life Insurance Corporation Of India	30/10/2007	15,000.00	03/05/2011
UTI- Senior Citizens Unit Plan	20/06/2008	2,970.00	20/06/2011
UTI- Unit Scheme For Charitable And Religious Trusts And Registered Societies	20/06/2008	2,500.00	20/06/2011
UTI- Children's Career Balanced Plan	20/06/2008	2,500.00	20/06/2011
UTI- Retirement Benefit Pension Fund	20/06/2008	1,500.00	20/06/2011
UTI- Unit Linked Insurance Plan	20/06/2008	530.00	20/06/2011
Reliance capital Trustee Company Limited Reliance Fixed Horizon Fund-IX	18/08/2008	11,000.00	06/03/2010
Citigroup Global Markets Mauritius Private Limited	18/08/2008	10,000.00	06/03/2010
Citicorp Capital Markets Limited	18/08/2008	5,000.00	06/03/2010
HDFC Trustee Company Limited A/C HDFC Cash Management Fund Treasury Advantage Plan	18/08/2008	3,000.00	06/03/2010
Franklin Templeton Fixed Tenure Fund Series VI-60 Months Plan	04/09/2008	2,180.00	04/04/2010
Templeton Fixed Horizon Fund- Series XI Plan H	04/09/2008	600.00	04/04/2010
FT India Monthly Income Plan	04/09/2008	480.00	04/04/2010
Templeton Fixed Horizon Fund-Series IV Plan A	04/09/2008	140.00	04/04/2010
Franklin Templeton Fixed Tenure Fund Series I-60 Month	04/09/2008	100.00	04/04/2010

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
Templeton Fixed Horizon Fund Series IX- Plan E	04/09/2008	1,500.00	20/02/2010
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund- IX	04/09/2008	5,000.00	04/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 20M August 2008	04/09/2008	4,300.00	04/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 18M October 2008(1)	04/09/2008	700.00	04/09/2010
Sundaram BNP Paribas Mutual Fund A/C Sundaram BNP Paribas Fixed Term Plan 367 Days Series-4	05/09/2008	7,500.00	10/09/2009
Deutsche Trustee Services (India) Private Limited A/C DWS Fixed Term Fund- Series 59	08/09/2008	2,800.00	08/09/2010
Lotus India Trustee Company Private Limited- A/C Lotus India Long Term Fixed Maturity Plan Series I- Plan A	08/09/2008	110.00	08/09/2010
Lotus India Trustee Company Private Limited- A/C Lotus India Liquid Plus Fund	08/09/2008	80.00	08/09/2010
Lotus India Trustee Company Private Limited- A/C Lotus India Active Income Fund	08/09/2008	10.00	08/09/2010
Axis Bank Limited	15/09/2008	1,500.00	15/09/2011
Axis Bank Limited	15/09/2008	1,500.00	15/09/2010
Templeton Fixed Horizon Fund Series XI- Plan G	15/09/2008	1,650.00	15/03/2010
Franklin Templeton Mutual Fund A/C Templeton Floating Rate Income Fund Long Term Plan	15/09/2008	850.00	15/03/2010
Axis Bank Limited	15/09/2008	2,500.00	15/09/2010
Axis Bank Limited	16/09/2008	2,500.00	16/09/2011
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-X	15/09/2008	2,200.00	15/03/2010
Reliance Capital Trustee Company Limited Reliance Fixed Horizon Fund-IX	15/09/2008	300.00	15/03/2010
UTI FTIF SR- V Plan II(20 MTS)	15/09/2008	1,500.00	30/04/2010

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
ICICI Prudential Fixed Maturity Plan- Series 45- Three Years Plan	17/09/2008	8,000.00	01/09/2011
HDFC Trustee Company Limited A/C HDFC FMP 22M September 2008	24/09/2008	2,500.00	24/09/2010
HDFC Trustee Company Limited A/C High Interest Fund Short Term Plan	26/09/2008	700.00	26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 17M November 2008(1)	26/09/2008	600.00	26/09/2010
HDFC Trustee Company Limited HDFC MF Monthly Income Plan Short Term Plan	26/09/2008	550.00	26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 22M September 2008	26/09/2008	360.00	26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 18M October 2008 (2)	26/09/2008	190.00	26/09/2010
HDFC Trustee Company Limited A/C HDFC FMP 16M December 2008 (1)	26/09/2008	100.00	26/09/2010
UTI- FTIF SR V PLAN III (24 MTS)	26/09/2008	1,300.00	10/09/2010
UTI Unit Linked Insurance Plan	26/09/2008	200.00	10/09/2010
Sundaram BNP Paribas mutual Fund A/C Sundaram BNP Paribas Fixed Term Plan 18 Months Series L	08/10/2008	700.00	06/04/2010
Sundaram BNP Paribas Mutual Fund A/C Sundaram BNP Paribas Ultra Short Term Fund	08/10/2008	300.00	06/04/2010
ICICI Prudential Fixed Maturity Plan- Series 45- Twenty Months Plan	08/10/2008	190.00	06/04/2010
ICICI Prudential Short Term Plan	08/10/2008	10.00	06/04/2010
ICICI Prudential Real Estate Securities Fund	24/10/2008	5,000.00	10/12/2010
Life Insurance Corporation Of India	03/11/2008	30,000.00	27/10/2013
General Insurance Corporation Of India	26/11/2008	1,000.00	26/11/2013
Standard Chartered Bank (Mauritius) Limited Debt	17/12/2008	19,000.00	17/12/2009
CMNK Consultancy & Services Private Limited-B26	25/03/2009	2,400.00	25/03/2010

Description	Date of Allotment	Outstanding amount as on March 31, 2009	Redemption Date
Take Solutions Limited -B24	24/03/2009	2,400.00	24/03/2010
Take Solutions Limited - B25	25/03/2009	200.00	25/03/2010
United Bank Of India-C5	28/03/2009	5,000.00	28/03/2012
<b>Total</b>		<b>285,700.00</b>	

The Company has issued secured redeemable non convertible debentures of face value of Rs.1,000/- each on a private placement basis of which Rs. 1,96,979.34 lakhs is outstanding as on 31<sup>st</sup> March 2009, the details of which are set out below:

(Rs. In lakhs)

Description	Number of NCDs	Outstanding amount as on March 31, 2009	Redemption Month
Secured Redeemable Non Convertible Debentures to Retail debenture holders	5,21,544	196,979.34	April 2009 – November 2017
<b>Total</b>	5,21,544	196,979.34	

#### B. Details of Unsecured Borrowings:

(Rs. In lakhs)

Particulars	Date of Allotment	Balance as on 31 <sup>st</sup> March, 2009	Maturity Date
<b>REDEEMABLE NON-CONVERTIBLE DEBENTURES</b>			
DSP Merrill Lynch Mutual Fund	25/09/2007	2,500.00	25/09/2010
<b>Total</b>		<b>2,500.00</b>	
<b>COMMERCIAL PAPERS</b>			
Deutsche Trustee Services (I) Private Limited A/C DWS Fixed Term Fund Series 48	16/04/2008	2,950.00	15/04/2009
RHC Holding Private Limited	30/05/2008	4,500.00	05/05/2009
TITCO Limited-Taurus MF-Taurus Short Term Bond Fund	30/05/2008	500.00	05/05/2009
The Federal Bank Limited	22/12/2008	1,500.00	19/06/2009
LICMF Liquid Fund	29/12/2008	20,000.00	28/12/2009
JM Financial Mutual Fund JM Money Manager Fund Super Plus Plan	25/02/2009	7,300.00	16/06/2009
JM Financial Mutual Fund -JM Fixed Maturity-Series IX-15	25/02/2009	2,200.00	16/06/2009

Particulars	Date of Allotment	Balance as on 31 <sup>st</sup> March, 2009	Maturity Date
Months Plan Fund Super Plus Plan			
JM Financial Mutual Fund -JM Fixed Maturity Fund-Series XI- Yearly Plan Fund Super Plus Plan	25/02/2009	2,000.00	16/06/2009
Lotus India Trustee Company Private Limited-A/C Lotus India Liquid Fund	02/03/2009	4,500.00	29/05/2009
BATSPI A/C Bharti AXA Liquid Fund	02/03/2009	500.00	29/05/2009
Benchmark MF-Liquid BEES Investment Account	19/03/2009	1,500.00	19/06/2009
BATSPL A/C Bharti AXA Treasury Advantage Fund	19/03/2009	500.00	19/06/2009
Quantum Liquid Fund	19/03/2009	300.00	19/06/2009
<b>Total</b>		<b>48,250.00</b>	
<b>SUBORDINATED DEBTS</b>			
A K Capital Services Limited	11/12/2008	3,000.00	11/03/2014
Bangiya Gramin Vikas Bank	15/12/2008	300.00	15/03/2014
Bank of Baroda	11/12/2008	2,000.00	11/03/2014
Bank of India	01/02/2008	1,500.00	01/05/2013
Bank of India	17/03/2008	1,500.00	17/09/2013
Central bank of India	17/01/2009	500.00	17/04/2014
Century Textiles & Industries Limited	29/12/2008	7.00	29/12/2018
Chattisgarh State Elec Board	07/11/2008	1,500.00	07/11/2018
CSEB-Reliance Capital	05/11/2008	2,000.00	05/11/2018
Darashaw & Company Limited	04/08/2008	5,000.00	04/08/2018
Delhi Development Authority	05/11/2008	200.00	05/11/2018
Delhi Development Authority	05/11/2008	800.00	05/11/2018
Jacobs H & G Private Limited	26/11/2008	10.00	26/02/2014
Karnataka Power Corporation Limited	23/12/2008	200.00	23/03/2014
LIC MF	24/03/2008	2,500.00	24/06/2013
LIC MF	02/05/2008	2,500.00	03/10/2013
LIC MF	24/03/2008	2,500.00	24/06/2013
Maihar Cement EPF	29/12/2008	30.00	29/12/2018



Particulars	Date of Allotment	Balance as on 31 <sup>st</sup> March, 2009	Maturity Date
Manikgarh CEM EMP SW Trust	29/12/2008	4.00	29/12/2018
Oriental Bank Of Commerce	30/11/2007	1,000.00	31/05/2013
UCO Bank	27/03/2008	1,000.00	27/06/2013
UCO Bank	26/11/2008	5,000.00	26/02/2014
UTI MF	29/01/2008	2,500.00	29/07/2013
<b>Total</b>		<b>35,551.00</b>	
<b>TERM LOAN FROM BANKS</b>			
Axis Bank Limited	20/05/2008	10,000.00	19/05/2009
Hongkong and Shanghai Banking Corp	21/09/2007	8,000.00	20/09/2010
ICICI Bank Limited	26/09/2007	10,000.00	26/09/2009
JP Morgan Chase N A	05/06/2008	5,000.00	02/09/2009
Kotak Mahindra Bank Limited	26/09/2006	5,000.00	26/09/2009
Kotak Mahindra Bank Limited	27/12/2006	5,000.00	27/12/2009
Kotak Mahindra Bank Limited	28/09/2007	10,000.00	27/09/2010
<b>Total</b>		<b>53,000.00</b>	
<b>TERM LOAN FROM INSTITUTIONS</b>			
JP Morgan Securities Private Limited	04/06/2008	5,000.00	02/09/2009
JP Morgan Securities Private Limited	04/06/2008	5,000.00	02/09/2009
Kotak Mahindra Prime Limited	16/03/2007	5,000.00	10/04/2010
Kotak Mahindra Prime Limited	16/03/2007	11,000.00	16/06/2010
Kotak Mahindra Prime Limited	30/03/2007	16,500.00	30/06/2010
Kotak Mahindra Prime Limited	20/03/2007	7,500.00	22/09/2010
Kotak Mahindra Prime Limited	30/05/2007	1,000.00	26/11/2009
Kotak Mahindra Prime Limited	22/07/2008	10,000.00	22/07/2011
Kotak Mahindra Prime Limited	24/07/2008	10,000.00	25/07/2011
<b>Total</b>		<b>71,000.00</b>	
<b>INTER CORPORATE DEPOSITS</b>			
Shakti Finance	13/02/2008	17.04	13/02/2011



Particulars	Date of Allotment	Balance as on 31 <sup>st</sup> March, 2009	Maturity Date
Shakti Finance	26/02/2008	40.12	26/02/2012
Shriram General Insurance	16/06/2008	400.00	15/06/2009
Shriram Holdings Madras Private Limited	08/12/2008	2,200.00	07/06/2009
Shriram Holdings Madras Private Limited	20/12/2008	2,000.00	07/06/2009
<b>Total</b>		<b>4,657.16</b>	
<b>FIXED DEPOSITS</b>			
Description	Number of Fixed Deposits	Balance as on March 31, 2009	Redemption Month
Fixed deposits	1,449	488.44	April 2009 – March 2014
<b>Total</b>	<b>1,449</b>	<b>488.44</b>	

#### UNSECURED LOANS – SUBORDINATED DEBTS

The Company has issued Subordinated debts of face value of Rs.1000/- each on a private placement basis of which Rs. 119,225.25 lakhs is outstanding as on 31<sup>st</sup> March 2009, the details of which are set out below:

*(Rs. In lakhs)*

Description	Number of Subordinated Debts	Outstanding amount	Redemption Month
Subordinated debts	315,927	119,225.25	April 2009 – April 2015
<b>Total</b>	<b>315,927</b>	<b>119,225.25</b>	

#### C. Asset Liability Mismatch

A portion of our funding requirements is met through short-term funding sources, being, bank loans, working capital demand loans, cash credit, short term loans and commercial papers. Further, a large portion of our loan assets mature over a medium term, while comparatively some of our liabilities in connection with the credit facilities obtained by us are for a relatively shorter periods of time. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely manner or at all, may lead to mismatches between our assets and liabilities.

Based on the structural liquidity position of our Company as on March 31, 2009 as per the RBI norms, our Company has positive asset liability mismatch of Rs. 3,23,456 lakhs over the next 6 months till September 30, 2009, based on our submission dated April 30, 2009 to RBI.

Our weighted average interest rate as at March 31, 2009 was 11.40% and 11.55% for the privately placed secured redeemable non-convertible debentures and unsecured loans, respectively. The interest rates on other secured debts are either fixed rates or floating rates which usually are linked to the prime lending rates of individual lending banks.



*Restrictive Covenants under our Financing Arrangements:*

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

1. to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
2. to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
3. to create or permit any charges or lien on any mortgaged properties;
4. to amend its MOA and AOA or alter its capital structure; and
5. to make any major investments by way of deposits, loans, share capital, etc. in any manner.

***Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities.***

As on the date of this Prospectus, there has been no default in payment of principal or interest on any existing term loan and debt security issued by the Issuer in the past.



## MATERIAL DEVELOPMENTS

*Save as disclosed hereinafter, there have been no developments since March 31, 2009 which effect the operations, or financial condition of our Company:*

1. On May 16, 2009, our Company has issued 34,200 Equity Shares at a price of Rs. 35 per Equity Share pursuant to the exercise of stock options issued under our ESOP scheme. Our Company has made separate applications dated June 30, 2009, to NSE and BSE and an application dated June 29, 2009 to the MSE, in connection with obtaining an approval therefrom, for trading of the aforementioned Equity Shares. We have received approvals for the trading of the aforementioned Equity Shares from the NSE and the BSE vide their respective letters dated July 2, 2009. The approval from the MSE in connection with the trading of the aforementioned Equity Shares is still awaited.
2. On June 12, 2009, our Company issued 80,00,000 Equity Shares to our Promoter pursuant to the conversion of warrants issued on preferential basis to our Promoters on December 14, 2007, at a price of Rs. 300 per Equity Share. Our Company has made separate applications all dated July 2, 2009, to the MSE, NSE and the BSE in connection with obtaining an approval therefrom, for listing of the aforementioned Equity Shares. The approvals in connection with the trading of the aforementioned Equity Shares is still awaited.
3. On June 22, 2009 our Company acquired the entire paid-up share capital of Shriram Equipment Finance Private Limited.

## SECTION VI : ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, other applicable statutory and/or regulatory requirements relating to the issue and listing of securities and any other documents that may be executed in connection with the NCDs.

#### **Ranking of secured Non-convertible Debentures**

The NCDs would constitute direct and secured obligations of ours and shall rank pari passu inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first and exclusive charge on the identified immovable property and the specified future loan receivables of the company. The claims of the NCD holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

#### **Debenture Redemption Reserve**

Section 117C of the Act states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. The Ministry of Corporate Affairs has, through its circular dated April 18, 2002, (“Circular”), specified that the quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be ‘adequate’ to pay the value of the debentures plus accrued interest, (if not already paid), till the debentures are redeemed and cancelled. The Circular however further specifies that, for NBFCs like our Company, (NBFCs which are registered with the RBI under Section 45-IA of the RBI Act), the adequacy of the DRR will be 50% of the value of debentures issued through the public issue. Accordingly our Company is required to create a DRR of 50% of the value of debentures issued through the public issue. As further clarified by the Circular, the amount to be credited as DRR will be carved out of the profits of the company only if there is profit for the particular year and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts to DRR, from its profits every year until such NCDs are redeemed. The amounts credited to DRR shall not be utilized by the company except for the redemption of the NCDs.

#### **Face Value**

The face value of each NCD shall be Rs. 1,000/-.

#### **NCD holder not a Shareholder**

The NCD holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company.

#### **Rights of NCD holders**

Some of the significant rights available to the NCD holders are as follows:

1. The NCDs shall not, except as provided in the Act, confer upon the holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD holders for their consideration. In terms of Section 219(2) of the Act, holders of NCDs shall be entitled to a copy of the balance sheet on a specific request made to us.
2. The rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD holders, provided that



nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. The registered NCD holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights shall be in proportion to the outstanding nominal value of NCDs held by him/her on every resolution placed before such meeting of the NCD holders.
4. The NCDs are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, other applicable statutory and/or regulatory requirements relating to the issue and listing of securities and any other documents that may be executed in connection with the NCDs.
5. A register of NCD holders will be maintained in accordance with Section 152 of the Act and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD holders as on the record date.
6. NCDs can be rolled over only with the consent of 75% of the NCD holders after providing at least 21 days prior notice for such roll over and in accordance with the Debt Regulations.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the Debenture Trust Deed executed between the Company and the Debenture Trustee.

### **Market Lot & Trading Lot**

Under Section 68B of the Act, the NCDs shall be allotted only in dematerialized form. As per the Debt Regulations, the trading of the NCDs shall be in dematerialised form only. Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in electronic form in multiples of one NCD. For details of allotment refer to chapter titled "Issue Procedure" under section titled "Issue Related Information" beginning on page 267 of this Prospectus.

### **Nomination facility to NCD holder**

In accordance with Section 109A of the Act, the sole NCD holder or first NCD holder, along with other joint NCD holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCD. A person, being a nominee, becoming entitled to the NCD by reason of the death of the NCD holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCD(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a NCD by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCD is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office or at such other addresses as may be notified by us.

NCD holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.



In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) to register himself or herself as the holder of the NCDs; or
- (b) to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the allotment of NCDs in this Issue will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

### **Application in the Issue**

NCDs being issued through this Prospectus can be applied for in the dematerialised form only.

### **Period of Subscription**

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors of our Company, subject to necessary approvals:

Issue Opens on	July 27, 2009
Closing Date	August 14, 2009

### **Restriction on transfer of NCDs**

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as provided in our Articles. Please refer to the section titled "Summary of the Key Provisions of the Articles of Association" beginning on page 293 of this Prospectus.

### **Issue and Allotment of NCDs to NRI applicants:**

1. We propose to issue NCDs not exceeding an aggregate of Rs. 10,000 lakhs to NRIs on a non-repatriable basis.
2. Please note that our Company proposes to offer the NCDs to applicants who are NRIs, in accordance with the provisions of and subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 and other applicable statutory and/or regulatory requirements. We confirm that:
  - i. the rate of interest on each series of NCDs, (Option I, Option II, Option III, Option IV and/or Option V), does not exceed the prime lending rate of the State Bank of India as on the date on which the resolution approving the Issue was passed by our Board, plus 300 basis points;
  - ii. the period for redemption of each series of NCDs is not less than 36 months;

- iii. our Company does not and shall not carry on agricultural /plantation /real estate business/Trading in Transferable Development Rights (TDRs) and does not and shall not act as Nidhi or Chit Fund company;
- iv. We will file the following with the nearest office of the RBI, not later than 30 days from the date-
  - A. of receipt of remittance of consideration received from NRIs in connection with the Issue, full details of the remittances received, namely; (a) a list containing names and addresses of each NRI applicant who have remitted funds for investment in the NCDs on non-repatriation basis, (b) amount and date of receipt of remittance and its rupee equivalent; and (c) names and addresses of authorised dealers through whom the remittance has been received; and
  - B. of closure of the Issue, full details of the monies received from NRI applicants, namely; (a) a list containing names and addresses of each NRI allottee and number of NCDs issued to each of them on non-repatriation basis, and (b) a certificate from our company secretary that all provisions of the FEMA Act, and rules and regulations made thereunder in connection with the issue of non-convertible debentures have been duly complied with.
- v. Allotment of NCDs on a non-repatriation basis to NRIs shall be subject to the application monies paid by the NRI being received by transfer of funds held in the NRI applicant's Non-resident Ordinary (NRO) account maintained with an authorised dealer or an authorised bank in India.
- 3. We further confirm that the monies received from NRIs who are allotted NCDs pursuant to the Issue, will not be utilised for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending. For further details please refer to the section "Objects of the Issue" beginning on page 44 of this Prospectus.

## ISSUE STRUCTURE

**Public Issue of NCDs aggregating Rs. 50,000 lakhs with an option to retain over-subscription upto Rs. 50,000 lakhs for issuance of additional NCDs**

The key terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions
<b>Minimum Application Size</b>	Rs. 10,000/- and in multiples of Rs. 1,000/- thereafter
<b>Mode of allotment</b>	Compulsorily in dematerialised form
<b>Terms of Payment</b>	Full amount on application
<b>Trading Lot</b>	1 (one) NCD
<b>Who can Apply</b>	<p><b>Category I</b></p> <ul style="list-style-type: none"> <li>• Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;</li> <li>• Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs;</li> <li>• Venture Capital funds registered with SEBI;</li> <li>• Insurance Companies registered with the IRDA;</li> <li>• National Investment Fund;</li> <li>• Mutual Funds;</li> </ul> <p><b>Category II</b></p> <p>The following persons/entities</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Hindu Undivided Families through the Karta;</li> <li>• Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>• Public/private charitable/religious trusts which are authorised to invest in the NCDs;</li> <li>• Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and</li> <li>• Non resident Indians</li> </ul>

**Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed**

the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the de-mat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please read “Issue Procedure” on page 267.

## Principal Terms and Conditions of the Issue

### Nature of the NCDs

We are offering secured NCDs which shall have a fixed rate of interest. The NCDs will be issued at a face value of Rs. 1,000/- per NCD. Interest on the NCDs shall be payable on semi annual, annual, or cumulative basis depending on the option selected by the NCD holder as provided below:

Options	I	II	III	IV	V
Frequency of Interest Payment	Half-yearly	Annual	Cumulative	Annual	Annual
Minimum Application	Rs.10,000/-	Rs.10,000/-	Rs.10,000/-	Rs.10,000/-	Rs.10,000/-
	Or Rs. 10,000/- (10 NCDs) (for option I, II, III, IV and/or V NCDs either taken individually or collectively)				
In Multiples of	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs. 1,000/-
Face Value of NCDs (Rs. / NCD)	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs. 1,000/-
Issue Price (Rs. / NCD)	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs.1,000/-	Rs. 1,000/-
Mode of Interest Payment	Through Various options available *	Through Various options available *	Through Various options available *	Through Various options available *	Through Various options available *
Coupon (%) p.a.	11.00% per annum **	11.25% per annum **	11.03% per annum to be compounded quarterly	11.00% per annum	10.75% per annum
Yield on redemption	11.30%	11.25%	11.50%	11.00%	10.75%
Put and call option	NIL	NIL	Expiry of 48 months from the Deemed Date of Allotment	Expiry of 48 months from the Deemed Date of Allotment	NIL
Tenor	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	36 months from the Deemed Date of Allotment
Redemption Date and Manner of	Re-payment of the Face Value of the NCDs in	Re-payment of the Face Value of the NCDs in stages	Repayment of the Face Value of the NCDs	Repayment of the Face Value of the NCDs plus any	Repayment of the Face Value of the NCDs plus any

Options	I	II	III	IV	V
<b>Redemption</b>	stages between the period commencing on the expiry of 36 months and the expiry of 60 months from the Deemed Date of Allotment, with 40% of the Face Value of the NCDs payable at the end of the 36 months from the Deemed Date of Allotment, 40% of the Face Value of the NCDs, payable at the end of 48 months from the Deemed Date of Allotment and 20% of the Face Value of the NCDs payable at the end of 60 months from the Deemed Date of Allotment. The Face Value at each stage of redemption as detailed above, shall be payable together with any interest which may have accrued on the date of such redemption.	between the period commencing on the expiry of 36 months and the expiry of 60 months from the Deemed Date of Allotment, with 40% of the Face Value of the NCDs payable at the end of the 36 months from the Deemed Date of Allotment, 40% of the Face Value of the NCDs payable at the end of 48 months from the Deemed Date of Allotment and 20% of the Face Value of the NCDs payable at the end of 60 months from the Deemed Date of Allotment. The Face Value at each stage of redemption as detailed above, shall be payable together with any interest which may have accrued on the date of such redemption.	plus any interest that may have accrued at the end of 60 months from the deemed date of allotment ***	interest that may have accrued at the end of 60 months from the deemed date of allotment ***	interest that may have accrued at the end of 36 months from the deemed date of allotment

\* For various options of interest payment, please refer page 255 of this Prospectus.

\*\* Senior Citizens shall be entitled to an additional interest at the rate of 0.25% per annum. For further details please refer to “Interest and Payment of Interest” at page 255 of this Prospectus.

\*\*\* Subject to the exercise of the put / call option in the manner set out in this Prospectus

### **Interest and Payment of Interest**

#### **A. Interest**

In case of Option I, interest would be paid semi-annually at the rate of 11.00% per annum on the amount



outstanding from time to time, commencing from the Deemed Date of Allotment of each NCD.

In case of Option II, interest would be paid annually at the rate of 11.25% per annum on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each NCD.

In case of Option III, interest would be compounded quarterly at the rate of 11.03% per annum on the amount outstanding, commencing from the Deemed Date of Allotment of each NCD.

In case of Option IV, interest would be paid annually at the rate of 11.00% per annum on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each NCD.

In case of Option V, interest would be paid annually at the rate of 10.75% per annum on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each NCD.

Senior Citizens shall be entitled to an additional interest at the rate of 0.25% per annum, for Option I and Option II NCDs, as specified hereinabove. However, the additional interest rate on NCDs allotted to Senior Citizen, pursuant to the Issue, shall be applicable only to the first allottees of such NCDs. If NCDs allotted to any Senior Citizen are transferred or transmitted, subsequent to the allotment thereof, the subsequent holder of such NCDs shall not be entitled to the aforesaid additional interest.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the IT Act or any statutory modification or re-enactment thereof for the time being in force.

As per clause (ix) of Section 193 of the IT Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in dematerialised form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on NCDs held by the investor (in case of resident individual NCD holders), if such interest does not exceed Rs.2,500 in any financial year. If interest exceeds the prescribed limit of Rs.2,500 on account of interest on NCDs, then the tax will be deducted at applicable rate. However in case of NCD holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 65 years or more (ii) Form 15G which can be given by all applicants (other than companies, firms and NR), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted to the Company quoting the name of the sole/ first NCD holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the record date to ensure non-deduction/lower deduction of tax at source from interest on NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of NCD to ensure non-deduction or lower deduction of tax at source from interest on NCD.

## **B. Payment of Interest**

### ***Semi-annual Payment of Interest***

For NCDs subscribed under Option I, interest of 11.00% per annum, on the amount outstanding, from time to time, will be paid on the first day of April and October every year except for the first interest payment. The first interest payment for the period commencing from Deemed Date of Allotment till September 30, 2009 shall be made on October 1, 2009. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

### ***Annual Payment of Interest***

For NCDs subscribed under Option II, interest of 11.25% per annum on the amount outstanding, from time to time, will be paid on the first day of April every year. The first interest payment will be made on April 1, 2010 for the period commencing from the Deemed Date of Allotment until March 31, 2010. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

For NCDs subscribed under Option IV (subject to the exercise of put option /call option exercisable by the holders of Option IV NCDs or our Company, as the case may be, in connection with Option IV NCDs), interest of 11.00% per annum on the amount outstanding, from time to time, will be paid on the first day of April every year. The first interest payment will be made on April 1, 2010 for the period commencing from the Deemed Date of Allotment until March 31, 2010. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

For NCDs subscribed under Option V, interest of 10.75% per annum, on the amount outstanding, from time to time, will be paid on the first day of April every year. The first interest payment will be made on April 1, 2010 for the period commencing from the Deemed Date of Allotment until March 31, 2010. The last interest payment will be made at the time of redemption of the NCD on a pro rata basis.

### ***Cumulative Payment of Interest***

For NCDs subscribed under Option III, interest of 11.03% per annum will be paid at the time of redemption or on the date of early redemption subject to the exercise of the put option by the holder of any Option III NCDs or the call option exercisable by our Company. The interest payable under this option shall be compounded quarterly.

## **C. Interest on Application Money**

### ***Interest on application monies received which are used towards allotment of NCDs***

Our Company shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the IT Act, as applicable, to any applicants to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 8.00% per annum. Applicants claiming non deduction or lower deduction of tax can file form 15G/15H/Certificate in original from the Assessing Officer, if they are eligible to do so.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

### ***Interest on application monies received which are liable to be refunded***

Our Company shall pay interest on application money which is liable to be refunded, (other than the monies received after the closure of the Issue), to the applicants in accordance with the provisions of the Debt Regulations and/or the Companies Act, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the IT Act, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 2.50% per annum. Such interest shall be paid along with the monies liable to be refunded. Applicants claiming non deduction or lower deduction of tax can file form 15G/15H/Certificate in original from the Assessing Officer, if they are eligible to do so.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b)



applications which are withdrawn by the applicant, (c) failure to obtain permission from the NSE to list the NCDs, subject to the provisions of section 73 (2) of the Act, and other statutory and/or regulatory requirements.

#### **D. Payment of Interest to NCD Holders**

Payment of Interest will be made to those NCD holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on record date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate for such banks.

We may offer the facility of ECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on “Manner of Payment of Interest/Refund/Redemption” appearing on page 259 of this Prospectus.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least 7(seven) days prior to the record date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company’s books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

#### **Maturity and Redemption**

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The date of maturity of the NCDs is 60 months from the Deemed Date of Allotment subject to the following:

<b>Options</b>	<b>If put / call option is exercised</b>	<b>At the end of maturity period</b>
I and II	No put and/or call option	Re-payment of the Face Value of the NCDs in stages between the period commencing on the expiry of 36 months and the expiry of 60 months from the Deemed Date of Allotment, with 40% of the Face Value of the NCDs payable at the end of the 36 months from the Deemed Date of Allotment, 40% of the Face Value of the NCDs payable at the end of 48 months from the Deemed Date of Allotment and 20% of the Face Value of the NCDs payable at the end of 60 months from the Deemed Date of Allotment
III and IV	48 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment
V	No put and/or call option	36 months from the Deemed Date of Allotment

#### **Deemed Date of Allotment**

Deemed date of allotment shall be the date of issue of the letter of allotment / regret.

#### **Application Size**

Each application should be for a minimum of 10 NCDs and multiples of 1 NCD thereof. The minimum application size for each application would be Rs. 10,000/- and in multiples of Rs. 1,000/- thereafter.

Applicants can apply for any or all types of NCDs offered hereunder (any/all options) using the same Application Form.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or**



**maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.**

### **Terms of Payment**

The entire issue price of Rs. 1,000/- per NCD is payable on application only. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund the excess amount paid on application to the applicant in accordance with the terms of this Prospectus. For further details please refer to the paragraph on “Interest on Application Money” beginning on page 257 of this Prospectus.

### **Record Date**

The record date for payment of interest or repayment of principal shall be 15 (fifteen) days prior to the date on which interest is due and payable, or the date of redemption or early redemption.

### **Manner of Payment of Interest / Refund / Redemption**

Subject to the exercise of the put option by the holders of Option III and/or Option IV NCDs or the call option exercisable by our Company, the manner of payment of interest / refund / redemption is set out below:

#### ***For NCDs applied / held in electronic form:***

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the applicant at the applicant's sole risk, and neither the Lead Managers nor our Company or the registrars shall have any responsibility and undertake any liability for the same.

#### ***For NCDs held in physical form:***

The bank details will be obtained from the Registrar to the Issue for payment of interest / refund / redemption as the case may be.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

#### **1. Direct Credit**

Investors having their bank account with the Refund Banks, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

#### **2. ECS**

Payment of interest / refund / redemption shall be undertaken through ECS for applicants having an account at any of the following 72 centers:

1. Ahmedabad 2. Nashik 3. Sholapur 4. Gorakhpur 5. Bangalore 6. Panaji 7. Ranchi 8. Jammu 9. Bhubaneswar 10. Surat 11. Tirupati (non- MICR) 12. Indore 13. Kolkata 14. Trichy 15. Dhanbad(non-MICR) 16. Pune 17. Chandigarh 18. Trichur 19. Nellore (non-MICR) 20. Salem 21. Chennai 22. Jodhpur 23. Kakinada(non-MICR) 24. Jamshedpur 25. Guwahati 26. Gwalior 27. Agra 28. Visakhapatnam 29. Hyderabad 30. Jabalpur 31. Allahabad 32. Mangalore 33. Jaipur 34. Raipur 35. Jalandhar 36. Coimbatore 37. Kanpur 38. Calicut 39. Lucknow 40. Rajkot 41. Mumbai 42. Siliguri (non-MICR) 43. Ludhiana 44. Kochi/Ernakulam 45. Nagpur 46. Pondicherry 47. Varanasi 48. Bhopal 49. New Delhi 50. Hubli 51. Kolhapur 52. Madurai 53. Patna 54. Shimla (non-MICR) 55. Aurangabad 56. Amritsar 57. Thiruvananthapuram 58. Tirupur 59. Mysore 60. Haldia (non- MICR) 61. Baroda 62. Burdwan (non-MICR) 63. Erode 64. Vijaywada 65. Dehradun 66.



Durgapur (non-MICR) 67. Udaipur 68. Bhilwara 69. Asansol 70. Udipi 71. Belgam 72. Bijapur

This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of interest payment / refund / redemption is through ECS for applicants having a bank account at any of the abovementioned centers.

### **3. RTGS**

Applicants having a bank account with a participating bank and whose interest payment / refund / redemption amount exceeds Rs.10 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the record date. In the event the same is not provided, interest payment / refund / redemption shall be made through ECS. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

### **4. NEFT**

Payment of interest / refund / redemption shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

### **5. Registered Post/Speed Post**

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched under certificate of posting for value up to Rs. 1,000/- and through Speed Post/ Registered Post for refund orders /interest payment/redemption orders of Rs. 1,000/- and above.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCD, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

### **Printing of Bank Particulars on Interest Warrants**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of rematerialisation or transfer, the investors are advised to submit their bank account details with our Company / registrar at least 7 (seven) days prior to the record date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

### **Loan against NCDs**



Our Company, at its sole discretion, may subject to Foreign Exchange Management (Borrowing and Lending in Rupees ) Regulations, 2000 and other applicable statutory and/or regulatory requirements, consider granting of a loan facility to the holders of NCDs against the security of such NCDs. Such loans shall be subject to the terms and conditions as may be decided by our Company from time to time.

### **Buy Back of NCDs**

Our Company may, at its sole discretion, from time to time, consider, subject to Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 and other applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

### **Form and Denomination**

In case of NCDs held in physical form, a single certificate will be issued to the NCD holder for the aggregate amount (“**Consolidated Certificate**”) for each type of NCDs. The applicant can also request for the issue of NCD certificates in denomination of one NCD (“**Market Lot**”).

In respect of Consolidated Certificates, we will, only upon receipt of a request from the NCD holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

### **Redemption of Option I and Option II NCDs**

We will redeem Option I and Option II NCDs in stages between the period commencing on the expiry of 36 months and till the expiry of 60 months from the Deemed Date of Allotment in the following manner:

1. 40% of the Face Value of the NCDs shall be redeemable at the end of 36 months from the Deemed Date of Allotment;
2. 40% of the Face Value of the NCDs, shall be redeemable at the end of 48 months from the Deemed Date of Allotment; and
3. 20% of the Face Value of the NCDs, shall be redeemable at the end of 60 months from the Deemed Date of Allotment.

Upon the part redemption of the Option I and Option II NCDs at the end of 36 months and 48 months from the Deemed Date of Allotment, respectively, in accordance with the aforementioned provisions of this Prospectus, trading in such Option I and Option II NCDs, will be suspended till the required approval(s) and/or permission(s) for trading in the Option I and Option II NCDs (with respect to the outstanding value of Option I and Option II NCDs) is obtained from the stock exchanges and/or other regulatory authorities, in accordance with the applicable statutory and/or regulatory requirements.

### **Procedure for Redemption by NCD holders**

Subject to the exercise of the put option by the NCD holder / call option by our Company, the procedure for redemption is set out below:

#### ***NCDs held in physical form:***

No action would ordinarily be required on the part of the NCD holder at the time of redemption and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such



addresses as may be notified by us from time to time. NCD holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the para “**Payment on Redemption**” given below.

***NCDs held in electronic form:***

No action is required on the part of NCD holder(s) at the time of redemption of NCDs.

Upon the part redemption of the Option I and Option II NCDs at the end of 36 months and 48 months from the Deemed Date of Allotment, respectively, in accordance with the aforementioned provisions of this Prospectus, trading in such Option I and Option II NCDs, will be suspended till the required approval(s) and/or permission(s) for trading of the NCDs (with respect to the outstanding value of NCDs) is obtained from the stock exchange(s) and/or other regulatory authorities, in accordance with the applicable statutory and/or regulatory requirements.

**Payment on Redemption**

Subject to the exercise of the put option by the holder of any Option III and Option IV NCDs/ call option exercisable by our Company, the manner of payment of redemption is set out below:

***NCDs held in physical form:***

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Despatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) days prior to the record date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the record date and we despatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

With respect to Option I and Option II NCDs, our liability to NCD holder(s) to the extent of the value of the NCDs redeemed, towards his/their rights including for payment or otherwise shall stand extinguished from the date of payment of the redemption amount. The NCD certificate(s) for all Option I and/or Option II NCDs shall stand extinguished upon redemption of the corresponding value of the NCD(s), at the end of 36 months, 48 months or 60 months, as the case may be.

Our liability to NCD holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of early redemption/ redemption in all events and when we despatch the redemption amounts to the NCD holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

***NCDs held in electronic form:***

On the redemption date, or the date of early redemption (in case of an exercise of the put/call option), redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the record date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD holders.

Our liability to NCD holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of early redemption/ redemption in all events and when we despatch the redemption amounts to the NCD holder(s).

With respect to Option I and Option II NCDs, our liability to NCD holder(s) to the extent of the value of the NCDs redeemed, towards his/their rights including for payment or otherwise shall stand extinguished from the date of payment of the redemption amount. The NCD certificate(s) for all Option I and/or Option II NCDs shall stand extinguished upon redemption of the corresponding value of the NCD(s), at the end of 36 months, 48 months or 60 months, as the case may be.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

### **Redemption Date**

Option I and Option II NCDs will be redeemed in stages between the period commencing on the expiry of 36 months and till the expiry of 60 months from the Deemed Date of Allotment 40% of the Face Value of the NCDs is payable at the end of the 36 months from the Deemed Date of Allotment, 40% of the Face Value of the NCDs payable at the end of 48 months from the Deemed Date of Allotment and the balance 20% of the Face Value of the NCDs is payable at the end of 60 months from the Deemed Date of Allotment.

Option III and Option IV NCDs will be redeemed at the expiry of 60 months from the Deemed Date of Allotment, subject to the exercise of any put option/call option, by the NCD holders or our Company, as the case may be.

Option V NCDs will be redeemed at the expiry of 36 months from the Deemed Date of Allotment.

### **Put / Call Option**

With respect to Option III and/or Option IV NCDs, the holders thereof shall at the expiry of 48 months have the right to seek redemption of such Option III and/or Option IV NCDs held by them, as the case may be, ("**Put Option**"). An NCD holder of Option III and/or Option IV NCDs, may at his discretion, redeem any number of Option III and/or Option IV NCDs held by him, while exercising such Put Option.

With respect to Option III and Option IV NCDs, our Company shall at the expiry of 48 months have the right to redeem Option III and/or Option IV NCDs, ("**Call Option**").

The holders of Option I, Option II and/or Option V NCDs shall not be entitled to exercise any Put Option in connection with such Option I, Option II and/or Option V NCDs held by them. Our Company shall not be entitled to exercise any Call Option in connection with any Option I, Option II and/or Option V NCDs.

### **Procedure for Exercise of Put Option**

At the expiry of 48 months from the Deemed Date of Allotment ("**Early Redemption (Put) Date**"), a holder of Option III and/or Option IV NCDs has the right to exercise his Put Option with respect to the Option III and/or Option IV NCDs held by him within 30 days from the Early Redemption (Put) Date ("**Early Redemption (Put) Period**").



During the Early Redemption (Put) Period, an NCD holder seeking to exercise his Put Option can approach our Company in writing of his intention to redeem any or all of the Option III and/or Option IV NCDs held by him, (a separate letter will be required for redemption under each series, (either Option III or Option IV), of NCDs held by him).

The Option III and/or Option IV NCDs with respect to which an NCD holder exercises his Put Option will be redeemed within 30 (thirty) days from the expiry of the Early Redemption (Put) period.

### **Procedure for Exercise of Call Option**

At the expiry of 48 months from the Deemed Date of Allotment (“**Early Redemption (Call) Date**”), our Company has the right to exercise its Call Option with respect to Option III and/or Option IV NCDs within 30 days from the Early Redemption (Call) Date (“**Early Redemption (Call) Period**”).

During the Early Redemption (Call) Period, our Company can send a notice in writing to the holder of any Option III or Option IV NCDs, (as on record on the Early Redemption (Call) Date), calling for redemption of all Option III and/or Option IV NCDs that are outstanding. The Call can be exercised for NCDs outstanding Option III and/or outstanding Option IV NCDs.

The Option III and/or Option IV NCDs with respect to which our Company exercises its Call Option will be redeemed within 30 (thirty) days from the expiry of the Early Redemption (Call) Period.

### **Method for calculation for Early Redemption**

On exercise of the Put Option by the holders of Option III and/or Option IV NCDs and/or the Call Option by our Company, in connection with Option III and/or Option IV NCDs, as the case may be, the NCDs will be redeemed at their respective face value along with interest accrued thereon, if any.

### **Right to Reissue NCD(s)**

Subject to the provisions of the Act, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

### **Transfer/Transmission of NCD(s)**

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Act. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Act shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well. In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by the Issuer may be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer.

### ***For NCDs held in electronic form:***

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of these NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his de-mat holding into physical holding. Thereafter the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialised form, he can choose to dematerialise the securities through his DP.

### **Joint-holders**

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

### **Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

### **Notices**

All notices to the NCD holder(s) required to be given by us or the Debenture Trustee will be sent by post/ courier to the Registered Holders of the NCD(s) from time to time.

### **Issue of Duplicate NCD Certificate(s)**

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued.

### **Security**

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest, all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first charge in favour of the Debenture Trustee on an identified immovable property and specified future receivables of our Company as may be decided between our Company and the Debenture Trustee.

Our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the following assets to ensure 100% asset cover for the NCDs:

The Company has entered into an agreement with the Debenture Trustee, (**'Debenture Trust Agreement'**), the terms of which govern the appointment of the Debenture Trustee.

Under the terms of the Debenture Trust Deed, the Company will covenant with the Debenture Trustee that it will pay the NCD holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified under the Debenture Trust Deed.

A "default" occurs if we fail to pay the full amount of principal on the date of maturity of the NCDs or if we fail to pay interest due on the NCDs on any date on which such interest is to be paid and such failure to pay continues for a period of 30 days. For the avoidance of doubt, any such non-payment of principal or interest shall not be considered as a default if such non-payment has resulted from non-receipt by us of necessary approval from the RBI for redemption of the NCDs or for payment of interest or any other amounts. The occurrence of any of the events listed down below and continuance of the same for a period of 30 days also would constitute a Default:

1. Default is committed by us in the performance or observance of any covenant, condition or provision contained in the Terms of the NCDs (other than the obligation to pay principal and interest) and such default continues for 30 days after written notice has been given thereof by the Trustee to us requiring the same to be remedied (except where the Trustee certifies that such default is in their opinion incapable of remedy, in which case no notice shall be required).
2. Any information contained in this Prospectus or any information provided to the NCD holders specifically for the purpose of this issue of the NCDs or any of the warranties given/deemed to have been given by us to the NCD holders/Trustee is misleading or incorrect in any material respect.
3. We are unable to or have admitted in writing our inability to pay our debts as they mature.
4. A court receiver or a liquidator has been appointed in respect of all or a substantial part of our assets and such receiver or liquidator is not dismissed within 60 days of appointment.
5. We cease to carry on our business. If a Default occurs which is continuing, the Trustee or the NCD holders representing not less than three-fourth in value of the nominal amount of the NCD, for the time being outstanding, by written notice to us (and to the Trustee if the NCD holders are giving the notice), may and the Trustee at the request of such NCD holders shall institute proceedings of the amounts due or compliance with the defaulted covenant or agreement or to obtain our bankruptcy (or any analogous proceeding which may be available from time to time under the laws of India).

The holders of a majority in aggregate in principal amount of all the NCDs may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the limitations specified in the Trust Deed. However, the Trustee may refuse to follow any direction that conflicts with law or the Trust Deed, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of NCD holders not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from NCD holders.

#### **Trustees for the NCD holders**

We have appointed IDBI Trusteeship Services Limited to act as the Debenture Trustees for the NCD holders. We and the Trustees have entered into a Debenture Trust Agreement, inter alia, specifying the powers, authorities and obligations of the Trustees and us. The NCD holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the NCD holder(s). Any payment made by us to the Trustees on behalf of the NCD holder(s) shall discharge us pro tanto to the NCD holder(s).

The Trustees will protect the interest of the NCD holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

#### **Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection.

## ISSUE PROCEDURE

### 1. How to Apply?

#### i. Availability of Prospectus and Application Forms

The abridged Prospectus containing the salient features of this Prospectus together with Application Forms and copies of this Prospectus may be obtained from our Registered Office, Lead Manager(s) to the Issue, Registrar to the Issue and at branches/collection centres of the Bankers to the Issue, as mentioned on the Application Form.

In addition, Application Forms would also be made available to the stock exchanges where listing of the NCDs are sought and to brokers, on their request.

We may provide Application Forms for being downloaded at such websites as we may deem fit.

#### ii. Who can Apply

The following categories of persons are eligible to apply in the Issue:

##### Category I

- Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;
- Provident Funds, Pension Funds, Superannuation Funds and Gratuity Funds, which are authorised to invest in the NCDs
- Venture Capital funds registered with SEBI;
- Insurance Companies registered with the IRDA
- National Investment Fund; and
- Mutual Funds.

##### Category II

- Resident Indian individuals;
- Hindu Undivided Families through the Karta;
- Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in NCDs;
- Public/Private Charitable/Religious Trusts which are authorised to invest in the NCDs;
- Non Resident Indians (NRIs – Non repatriation basis only)\*
- Scientific and/or Industrial Research Organisations, which are authorised to invest in the NCDs;
- Partnership Firms in the name of the partner; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

\* An NRI can apply for NCDs offered in the Issue subject to the conditions and restrictions contained in the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, and other applicable statutory and/or regulatory requirements.

**Note:** Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**



**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.**

The Lead Managers, associates and affiliates of the Lead Managers are permitted to subscribe in the Issue. However, it may be noted that the lead managers or any of their associates/affiliates are not underwriting the issue or any part of the issue thereof.

The information below is given for the benefit of the investors. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to ensure that the aggregate number of NCDs applied for does not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law.

### **Grouping of Applications and Allocation Ratio**

Applications received from various applicants shall be grouped together on the following basis:

- i) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (“**Institutional Portion**”);
- ii) Applications received from Category II applicants: Further with respect to applications received from Category II applicants, applications by applicants who apply for NCDs aggregating to a value not more than Rs. 1 Lakh, across all series of NCDs, (Option I, Option II, Option III, Option IV and/or Option V), shall be grouped together, (“**Retail Portion**”) while applications by applicants who apply for NCDs aggregating to a value exceeding Rs. 1 Lakh, across all series of NCDs, (Option I, Option II, Option III, Option IV and/or Option V), shall be separately grouped together, (“**Non Retail Portion**”). For further details please refer to “Additional Applications” beginning on page 274 of this Prospectus.

For removal of doubt, “Institutional Portion, Retail Portion and Non Retail Portion are individually referred to as “**Portion**” and collectively referred to as “**Portions**”

### **Applications by Mutual Funds**

No mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single Company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Application by Scheduled Banks, Co-operative Banks and Regional Rural Banks**

Scheduled Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Application by Insurance Companies**



In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any App in whole or in part, in either case, without assigning any reason therefor.

### **Applications by NRIs**

We propose to issue NCDs not exceeding an aggregate of Rs. 10,000 lakhs to NRIs on a non-repatriable basis. Application Forms shall be made available to NRIs at the registered office of our Company and with the Lead Managers. NRI applicants should note that only such applications as are accompanied by payment in foreign exchange shall be considered for Allotment. An NRI can apply for NCDs offered in the Issue on non repatriation basis subject to the conditions and restrictions contained in the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, and other applicable statutory and/or regulatory requirements.

Allotment of NCDs on a non-repatriation basis to NRIs shall be subject to the application monies paid by the NRI being received by transfer of funds held in the investor's Non-resident Ordinary (NRO) account maintained with an authorised dealer or an authorised bank in India.

All applications by NRIs should be made in the form prescribed for NRI applicants.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

### **iii. Applications cannot be made by:**

- a) Minors without a guardian name;
- b) Foreign nationals;
- c) Foreign Institutional Investors; and
- d) Overseas Corporate Bodies

### **3. Escrow Mechanism**

We shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the applicants shall make out the cheque or demand draft in respect of their application. Cheques or demand drafts for the application amount received from applicants would be deposited in the respective Escrow Account.

Upon creation of security as disclosed in this Prospectus, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to a separate bank account as per the terms of the Escrow Agreement, ("Public Issue



**Account**”). Payments of refund to the applicants shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement, this Prospectus.

Under the provisions of the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, any monies borrowed from a person resident outside India cannot be used-

- for any purpose except in ones own business other than (i) the business of chit fund, (ii) as Nidhi Company, (iii) agricultural or plantation activities or real estate business; or construction of farm houses; or (iv) trading in Transferable Development Rights (TDRs); or
- for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending.

Accordingly, our Company shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs, (“**NRI Escrow Account**”). All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in this Prospectus, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Accounts to a separate bank account, which shall be different from the Public Issue Account, (“**NRI Account**”). Our Company shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with applicable statutory and/or regulatory requirements.

The Escrow Collection Bank(s) will act in terms of this Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein. In terms of Debt Regulations, it is mandatory for the Company to keep the proceeds of the Issue in an escrow account until the documents for creation of security as stated in this Prospectus are executed.

#### **4. Filing of this Prospectus with ROC**

A copy of this Prospectus shall be filed with the Registrar of Companies, Chennai, Tamil Nadu, in terms of section 56 and section 60 of the Act.

#### **5. Pre-Issue Advertisement**

Our Company will issue a statutory advertisement after filing of this Prospectus with ROC. This advertisement will contain the information as prescribed under Debt Regulations. Material updates, if any, between the date of filing of this Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

#### **6. General Instructions**

##### **Do’s**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of NCDs will be in the dematerialized form only;
- Ensure that you mention your PAN allotted under the IT Act
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue.

##### **Don’ts:**

- Do not apply for lower than the minimum application size;



- Do not pay the application amount in cash;
- Do not fill up the Application Form such that the NCDs applied for exceeds the issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit application accompanied with Stockinvest.

## **7. Instructions for completing the Application Form**

### **A. Submission of Application Form**

- Applications to be made in prescribed form only
- The forms to be completed in block letters in English
- Applications should be in single or joint names and should be applied by Karta in case of HUF
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal.
- All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s)/ agent(s) as may be specified before the closure of the Issue. Applicants at centres not covered by the branches of collecting banks can send their forms together with a cheque/draft drawn on/payable at a local bank in Chennai to the Registrar to the Issue by registered post.
- No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same.
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All applicants are required to tick the relevant column “Category of Investor” in the Application Form.

All applicants should apply for one or more type of NCDs and/or one or more option of NCDs in a single Application Form only.

Our Company would allot Option III NCDs to all valid applications, wherein the applicants have not indicated their choice of NCDs.

### **B. Applicant’s Bank Account Details**

It is mandatory for all the applicants to have their NCDs allotted in dematerialised form. The Registrars to the Issue will obtain the applicant’s bank account details from the Depository. The applicant should note that on the basis of the name of the applicant, Depository Participant’s (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the applicant’s DP A/c, the applicant’s bank account details. The investors are advised to ensure that bank account details are updated in their respective DP A/cs as these bank account details would be printed on the refund order(s), if any. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant’s sole risk and neither the LM nor our Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

### **C. Applicant’s Depository Account Details**

**IT IS MANDATORY FOR ALL THE APPLICANTS TO HAVE THEIR NCDs IN DEMATERIALISED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT**



**THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.**

Applicant should note that on the basis of name of the applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the investor such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the applicants including mailing of the refund orders/ Allotment Advice and printing of bank particulars on the refund/interest order and the Demographic Details given by applicant in the Application Form would not be used for these purposes by the Registrar.

Hence, applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Application Form, the applicant would have deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. Refund Orders/Allotment Advice would be mailed at the address of the applicant as per the Demographic Details received from the Depositories. Applicant may note that delivery of refund orders/allotment advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the applicant's sole risk and neither we nor the LMs or the Registrars shall be liable to compensate the applicant for any losses caused to the applicant due to any such delay or liable to pay any interest for such delay.

However in case of applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of Refund Orders/ECS refunds for credits/Allotment Advice, the demographic details given on the Application Form should be used (and not those obtained from the Depository of the applicant). In such cases, the Registrar shall use Demographic details as given in the Application Form instead of those obtained from the Depositories.

In case no corresponding record is available with the Depositories that matches all three parameters, namely, names of the applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such applications are liable to be rejected.

**D. Applications under Power of Attorney by limited companies, corporate bodies, registered societies etc.**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies etc, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form, failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

**E. Permanent Account Number**

The applicant or in the case of applications made in joint names, each of the applicant, should mention his or her Permanent Account Number (PAN) allotted under the IT Act. In accordance with the SEBI Guidelines, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

## **F. Terms of Payment**

The entire issue price for the NCDs is payable on application only. In case of allotment of lesser number of NCDs than the number applied, our Company shall refund the excess amount paid on application to the applicant.

## **G. Payment Instructions for Applicants**

- In pursuance of Debt Regulations, we shall open Escrow Account with the Escrow Collection Banks(s) for the collection of the application amount payable upon submission of the Application Form.
- Payment may be made by way of cheque/bank draft drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers' clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Payment though stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each Application Form.
- All Application Forms received with outstation cheques, post dated cheques, cheques / bank drafts drawn on banks not participating in the clearing process, Money orders/postal orders,cash, stockinvest shall be rejected and the collecting bank shall not be responsible for such rejections.
- All cheques / bank drafts accompanying the application should be crossed "A/c Payee only" and (a) all cheques / bank drafts accompanying the applications made by applicants who are not NRIs must be made payable to "Escrow Account STFC NCD Public Issue – R", and (b) all cheques / bank drafts accompanying the applications made by applicants who are NRIs must be made payable to "Escrow Account STFC NCD Public Issue – NR".
- The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into a separate bank account after the creation of security as disclosed in this Prospectus.

## **8. Submission of Completed Application Forms**

- All applications duly completed and accompanied by account payee cheques / drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) or our Collection Centre(s)/ agent(s) as may be specified by us before the closure of the Issue. Our collection centre/ agent however, will not accept payments made in cash. However, Application Forms duly completed together with cheque/bank draft drawn on/payable at a local bank in Chennai for the amount payable on application may also be sent by Registered Post to the Registrar to the Issue, so as to reach the Registrar prior to closure of the Issue. Applicants at centres not covered by the branches of collecting banks can send their Application Forms together with cheque / draft drawn on / payable at a local bank in Chennai to the Registrar to the Issue by registered post.
- No separate receipts shall be issued for the application money. However, Bankers to the Issue at their designated branches/our Collection Centre(s)/ agent(s) receiving the duly completed Application Forms will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant.



- Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches or at our Collection Centre/ agent or on receipt by the Registrar as detailed above and not otherwise.
- **All applications by persons or entities belonging to Category I should be made in the form prescribed for Category I applicants and shall be received only by the Lead Managers.**
- **All applications by applicants who are NRIs should be made in the form prescribed for NRI applicants.**

## **9. On-line Applications**

We may decide to offer online application facility for NCDs, as and when it is permitted by law subject to terms and conditions as may be prescribed.

## **10. Other Instructions**

### **A. Joint Applications**

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein.

### **B. Additional Applications**

An applicant is allowed to make one or more applications for the NCDs for the same or other series of NCDs, subject to a minimum application size of Rs. 10,000/- and in multiples of Rs. 1,000/- thereafter, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. One or more applications by the same applicant aggregating to a value exceeding Rs. 1 Lakh shall be grouped together and considered in the Non Retail Portion, for the purpose of determining the basis of allotment to such applicant. However, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be grouped together and considered in the Non Retail Portion for the purpose of determining the basis of allotment.

For the purposes of the above, two or more applications from the same applicant will be deemed to be grouped together and considered in the Non Retail Portion for the purpose of determining the basis of allotment, if the sole or first applicant is one and the same.

For the sake of clarity, two or more applications from the same applicant will be deemed to be grouped together and considered in the Non Retail Portion for the purpose of determining the basis of allotment, if the PAN number of the sole or the first applicant is one and the same.

### **C. Depository Arrangements**

As per the provisions of Section 68B of the Act, the allotment of NCDs of our Company can be made in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode).

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. Please note that tripartite agreements have been executed between the Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form i.e. they shall be fungible and be represented by a statement issued through electronic mode. In this context:

- i. Tripartite Agreement dated March 27, 1999 and April 30, 1999 between us, the Registrar to the Issue and CDSL and NSDL, respectively for offering depository option to the investors.
- ii. An applicant who wishes to apply for NCDs in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
- iii. The applicant seeking allotment of NCDs in the Electronic Form must necessarily fill in the details (including the beneficiary account number and DP's ID) appearing in the Application Form under the heading 'Request for NCDs in Electronic Form'.
- iv. NCDs allotted to an applicant in the Electronic Account Form will be credited directly to the applicant's respective beneficiary account(s) with the DP.
- v. For subscription in electronic form, names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- vi. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrars to this Issue.
- vii. If incomplete/incorrect details are given under the heading 'Request for NCDs in electronic form' in the Application Form, it will be deemed to be an application for NCDs in physical form and thus will be rejected.
- viii. For allotment of NCDs in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Company would not be liable for losses, if any.
- ix. It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. NSE has connectivity with NSDL and CDSL.
- x. Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on record date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the record date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- xi. The trading of the NCDs shall be in dematerialized form only.

#### **D. Communications**

- All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.
- Applicants can contact the Compliance Officer of the Company/Lead Managers or the Registrar to the Issue in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / credit of NCDs in depository's beneficiary account / refund orders, etc., applicants may contact the Compliance Officer of the Company/Lead Manager or Registrar to the Issue.

#### **11. Rejection of Application**

The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Applications not duly signed by the sole/joint applicants;
- Amount paid doesn't tally with the amount payable for the NCDs applied for;
- Age of First applicant not given;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors (without the name of guardian) and insane persons;



- GIR number furnished instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by any persons outside India, barring applications made by NRIs;
- Any application for an amount below the minimum application size;
- Application for number of NCDs, which are not in multiples of one;
- Category not ticked;
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Application Form does not have applicant's depository account details;
- Applications accompanied by Stockinvest/money order/postal order;
- Signature of sole and/ or joint applicant(s) missing;
- Application Forms not delivered by the applicant within the time prescribed as per the Application Form and this Prospectus and as per the instructions in this Prospectus and the Application Form; or
- In case the subscription amount is paid in cash.
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant, the Depository Participant's Identity and the beneficiary's account number;

For further instructions regarding application for the NCDs, investors are requested to read the Application Form

## 12. Letters of Allotment / NCD Certificates / Refund Orders

The unutilised portion of the application money will be refunded to the applicant by an A/c Payee cheque/demand draft. In case the at par facility is not available, the Company reserves the right to adopt any other suitable mode of payment.

The Company shall credit the allotted NCDs to the respective beneficiary accounts/despatch the Letter(s) of Allotment or Letter(s) of Regret/Refund Orders in excess of Rs.1,000/-, as the case may be, by Registered Post/Speed Post at the applicant's sole risk, within 10 weeks from the date of closure of the Issue. Refund Orders up to Rs. 1,000/- will be sent under certificate of posting. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through ECS/Direct Credit/RTGS/NEFT.

Further,

- a) Allotment of NCDs offered to the public shall be made within a time period of 30 days from the date of closure of the Issue;
- b) Credit to de-mat account will be given within 2 working days from the date of allotment
- c) Interest @ 15 per cent per annum will be paid if the allotment has not been made and/or the Refund Orders have not been dispatched to the applicants within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

The Company will provide adequate funds to the Registrars to the Issue, for this purpose.

## 13. Retention of oversubscription

The Company is making a public Issue of secured NCDs aggregating upto Rs. 50,000 lakhs with an option to retain oversubscription of NCDs up to Rs 50,000 lakhs.

## 14. Basis of Allotment

- (a) Grouping of Applications and Allocation Ratio: Applications received from various applicants, including applications from NRI applicants, shall be grouped together on the following basis:
  - i) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, ("**Institutional Portion**");



- ii) Applications received from Category II applicants: Further with respect to applications received from Category II applicants, applications by applicants who apply for NCDs aggregating to a value not more than Rs. 1 Lakh, across all series of NCDs, (Option I, Option II, Option III, Option IV and/or Option V), shall be grouped together, (“**Retail Portion**”) while applications by applicants who apply for NCDs aggregating to a value exceeding Rs. 1 Lakh, across all series of NCDs, (Option I, Option II, Option III, Option IV and/or Option V), shall be separately grouped together, (“**Non Retail Portion**”). For further details please refer to “Additional Applications” beginning on page 274 of this Prospectus.

For removal of doubt, “Institutional Portion, Retail Portion and Non Retail Portion are individually referred to as “**Portion**” and collectively referred to as “**Portions**”.

- (b) Allotments in the first instance: Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs upto 20% of the Issue size, applicants belonging to the Retail Portion will be allocated NCDs upto 40% of the Issue size, and applicants belonging to the Non Retail Portion shall be allocated NCDs upto 40% of the Issue size, (“**Allocation Ratio**”). Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of presentation of each application to the Bankers to the Issue, in each Portion subject to the Allocation Ratio.
- (c) Under Subscription: If there is any under subscription in any Portion, allotments will be made to applicants of the remaining Portions on a first come first serve basis
- (d) Allotments in case of oversubscription: In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis. All applications received on the same day by the Bankers to the Issue would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted.

In all proportionate allotments that are less than 10 NCDs per application, successful applicants shall be determined by draw of lots in such manner that allotment to each application is not less than 10 NCDs and in multiple of 1 NCD thereafter.

- (e) Applicant applying for more than one series of NCDs: If an applicant has applied for more than one series of NCDs, (Option I, Option II, Option III, Option IV and/or Option V, individually referred to as “**Series**”), and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

Minimum allotments of 10 NCDs and in multiples of 1 NCD thereafter would be made in case of each valid applications.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would allot Option III NCDs to all valid applications, wherein the applicants have not indicated their choice of NCDs.

## 15. Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue.



Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Closing Date, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue. Our Company shall allot NCDs with respect to the applications received at the time of such pre-closure, subject to applicable statutory and/or regulatory requirements.

## 16. Utilisation of Application Money

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals. Our Company shall at all times ensure that any monies kept in the NRI Escrow Account shall be utilised only in accordance with the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 and other applicable statutory and/or regulatory requirements.

## 17. Utilisation of Issue Proceeds

- a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act. For details in connection with monies received from NRI applicants please see para e) hereinbelow;
- b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- d) We shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus and on receipt of the minimum subscription of 75% of the Base Issue.
- e) Our Company shall open and maintain a separate NRI Escrow Account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs. All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in this Prospectus, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Account to a separate bank account, (“NRI Account”), which shall be different from the Public Issue Account. Our Company shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with applicable statutory and/or regulatory requirements.
- f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

## Listing

An application has been made to the NSE for permission to deal in and for an official quotation of our NCDs. NSE has been appointed as the Designated Stock Exchange. We have received an in principle approval from the NSE dated July 15, 2009 in connection with the Issue.

If permissions to deal in and for an official quotation of our NCDs are not granted by NSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at NSE are taken within 7 working days from the date of allotment.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.



Upon the part redemption of the Option I and Option II NCDs at the end of 36 months and 48 months from the Deemed Date of Allotment, respectively, in accordance with the provisions of this Prospectus, trading in such Option I and Option II NCDs, will be suspended till the required approval(s) and/or permission(s) for trading of the NCDs (with respect to the outstanding value of NCDs) is obtained from NSE and/or other regulatory authorities, in accordance with the applicable statutory and/or regulatory requirements. For further details please refer to “Redemption of Option I and Option II NCDs” at page 261 of this Prospectus.



## SECTION VII : LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND STATUTORY DEFAULTS

As on the date of this Prospectus, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instrument like debentures, fixed deposits and arrears on cumulative preference shares, etc, by our Company or by public companies promoted by the same promoter and listed on stock exchange.

Save as disclosed hereinbelow, there are no outstanding litigations pertaining to:

- a. matters likely to affect operation and finances of our Company including disputed tax liabilities of any nature; and
- b. criminal prosecution launched against our Company and the Directors for alleged offences under the enactments specified in Paragraph 1 of Part I of Schedule XIII to the Act.

*Criminal Proceedings initiated against our Company and our directors under the Bombay Money Lenders Act, 1946*

The State of Gujarat and the Inspector of Money Lenders, Gujarat have initiated criminal proceedings against our Company and our Managing Director, Mr. R. Sridhar, in connection with alleged contraventions of the Bombay Money Lenders Act, 1946, ("**Money Lenders Act**"), (Criminal Case No. 289 of 2008), before the Metropolitan Magistrate, Ahmedabad. The complainants have inter alia alleged in their pleadings that our Company has been carrying on the business of money lending without obtaining a license under the Money Lenders Act, and has allegedly violated other related provisions thereof. Accordingly, the complainants have sought to prosecute and penalise our Company and our managing director under Section 34 of the Money Lenders Act.

Our Company has filed an application under Section 482 of the Code of Criminal Procedure, 1973 against the State of Gujarat and the Inspector of Money Lenders, Gujarat, before the Hon'ble High Court of Gujarat at Ahmedabad, ("**Quashing Application**"), seeking to (a) quash the Criminal Proceedings, and (b) to stay the Criminal Proceedings during the pendency of the Quashing Application.

The aforesaid proceedings initiated against our Company and our managing director, and the application filed by our Company are pending hearing and adjudication.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

At the meeting of the Board of Directors of the Company held on May 13, 2009 the Directors approved the issue of NCDs to the public upto an amount not exceeding Rs. 1,00,000 lakh, in pursuance of Section 292(1)(b) of the Act.

### Prohibition by SEBI

Our Company and our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### Disclaimer Clause of the NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREIN AFTER REFERRED TO AS NSE).NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/112992-B DATED JULY 15, 2009 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES IN WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINISED THE DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITIES FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

### Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED APRIL 17, 2007 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.

### Listing

An application has been made to the NSE for permission to deal in and for an official quotation of our NCDs. NSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by NSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.



Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days from the date of allotment.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

### **Consents**

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company and Bankers to the Issue; and (b) Lead Managers, Registrar to the Issue, Lead Brokers to the Issue, Legal Advisors to the Issue, Credit Rating Agencies and the Debenture Trustee to act in their respective capacities, have been obtained and the same will be filed along with a copy of this Prospectus with the ROC.

### **Expert Opinion**

Except the report issued by CARE and Fitch in respect of the credit ratings issued thereby for this Issue which furnishes the rationale for its rating, our Company has not obtained any expert opinions.

### **Common form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 1956 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

### **Minimum Subscription**

If the Company does not receive the minimum subscription of 75% of the Base Issue aggregating to Rs. 50,000 lakhs, i.e. Rs. 37,500 lakh, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after the Company becomes liable to pay the subscription amount, the Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

### **Debenture Redemption Reserve**

Section 117C of the Act states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. The Ministry of Corporate Affairs has, through its circular dated April 18, 2002, (“Circular”), specified that the quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be ‘adequate’ to pay the value of the debentures plus accrued interest, (if not already paid), till the debentures are redeemed and cancelled. The Circular however further specifies that, for NBFCs like our Company, (NBFCs which are registered with the RBI under Section 45-IA of the RBI Act), the adequacy of the DRR will be 50% of the value of debentures issued through the public issue. Accordingly, our Company is required to create a DRR of 50% of the value of debentures issued through the public issue. As further clarified by the Circular, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts of DRR, from its profits every year until such NCDs are redeemed. The amounts credited to DRR shall not be utilized by the company except for the redemption of the NCDs.

### **Issue and Allotment of NCDs to NRI applicants:**

1. We propose to issue NCDs not exceeding an aggregate of Rs. 10,000 lakhs to NRIs on a non-repatriable basis.
2. Please note that our Company proposes to offer the NCDs to applicants who are NRIs, in accordance with



the provisions of and subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 and other applicable statutory and/or regulatory requirements. We confirm that:

- i. the rate of interest on each series of NCDs does not exceed the prime lending rate of the State Bank of India as on the date on which the resolution approving the Issue was passed by our Board, plus 300 basis points;
  - ii. the period for redemption of each series of NCDs is not less than 36 months;
  - iii. our Company does not and shall not carry on agricultural /plantation /real estate business/Trading in Transferable Development Rights (TDRs) and does not and shall not act as Nidhi or Chit Fund company;
  - iv. We will file the following with the nearest office of the Reserve Bank, not later than 30 days from the date-
    - A. of receipt of remittance of consideration received from NRIs in connection with the Issue, full details of the remittances received, namely; (a) a list containing names and addresses of each NRI applicant who have remitted funds for investment in the NCDs on repatriation and/or non-repatriation basis, (b) amount and date of receipt of remittance and its rupee equivalent; and (c) names and addresses of authorised dealers through whom the remittance has been received; and
    - B. of closure of the Issue, full details of the monies received from NRI applicants, namely; (a) a list containing names and addresses of each NRI allottee and number of NCDs issued to each of them on repatriation and/or non-repatriation basis, and (b) a certificate from our company secretary that all provisions of the FEMA Act, and rules and regulations made thereunder in connection with the issue of non-convertible debentures have been duly complied with.
  - v. Allotment of NCDs on a non-repatriation basis to NRIs shall be subject to the application monies paid by the NRI is received by transfer of funds held in the investor's Non-resident Ordinary (NRO) account maintained with an authorised dealer or an authorised bank in India.
3. We further confirm that the monies received from NRIs who have been allotted NCDs pursuant to the Issue for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending. For further details please refer to the section "Objects of the Issue" beginning on page 44 of this Prospectus.

### Issue Related Expenses

The expenses of this Issue include, among others, Fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size of upto Rs.1,00,000 lakhs (assuming the full subscription including the retention of over subscription of upto Rs. 50,000 lakhs) are as follows:

<i>(Rs. in lakhs)</i>	
Activity	Expenses
Lead Management Fee	800.00
Advertising and Marketing Expenses	2,390.00
Printing and Stationery	1,281.00
Fees payable legal advisors to the Issue	18.50
Fees payable to the Registrars to the Issue	10.00
Fees payable to the Debenture Trustee	10.00
Others (Brokerage, Credit Rating Fee, Etc.)	176.00
<b>Total</b>	<b>4,685.50</b>



The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

### Underwriting

This Issue has not been underwritten.

### Details regarding the public issue during the last three years by the Company and other listed companies under the same management within the meaning of section 370(1B):

Our Company has not made any public or rights or composite issue of capital during the last three years. There are no listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956.

### Public / Rights Issues

Our Company has not made any public or rights issuances in the last five years.

### Previous Issue

Our Company made a public cum rights issue of 45,34,370 debentures in 1996-1997 at a face value of Rs. 50/- per debenture, convertible into Equity Shares.

Other than as specifically disclosed in this Prospectus, the Company has not issued any securities for consideration other than cash.

### Commissions and Brokerage on previous issue

The total expenses incurred in connection with the public cum rights issue of 45,34,370 debentures in 1996-1997 was Rs. 1,75,83,607/- out of which 1,15,70,280/- was towards commission and brokerage.

### Stock Market Data

#### A. Our Equity Shares

Our Equity Shares are listed on the NSE, BSE and MSE. However our Equity Shares have not been traded on the MSE since February 2000.

The high, low and average market prices of the Equity Shares of our Company during the preceding three years:

BSE							
Year	Date of High	High (Rs.)	Volume on date of High (No. of Shares)	Date of Low	Low (Rs.)	Volume on Date of low (No. of Shares)	Average (Rs.)
2006	November 29, 2006	140.80	3,23,523	June 14, 2006	80.10	39,550	110.45
2007	December 24, 2007	416.05	37,322	April 2, 2007	115.95	6,438	266.00
2008	January 16, 2008	408.45	23,018	December 12, 2008	190.25	27,142	299.35

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Year	Date of High	High (Rs.)	Volume on date of High (No. of Shares)	Date of Low	Low (Rs.)	Volume on Date of low (No. of Shares)	Average (Rs.)
2006	November 29, 2006	140.25	1,02,029	June 14, 2006	79.20	1,51,933	109.73
2007	December 27, 2007	416.95	1,18,807	April 2, 2007	116.15	28,110	266.55
2008	January 16, 2008	408.05	52,132	December 12, 2008	189.70	1,37,507	298.88

(Source: [www.nseindia.com](http://www.nseindia.com))

#### Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Prospectus:

BSE							
Month	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
January 2009	January 5, 2009	197.90	7,07,487	January 30, 2009	185.90	89,182	191.9
February 2009	February 13, 2009	193.65	5,11,948	February 24, 2009	183.05	806	188.35
March 2009	March 3, 2009	185.80	592	March 12, 2009	181.80	1,233	183.80
April 2009	April 20, 2009	224.95	16,465	April 6, 2009	182.20	3,52,865	203.58
May 2009	May 20, 2009	301.30	14,667	May 6, 2009	230.15	23,256	265.73
June 2009	June 1, 2009	301.00	64,042	June 24, 2009	285.95	6,842	293.48

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Month	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
January 2009	January 5, 2009	198.45	7,50,201	January 22, 2009	185.6	10,75,661	192.03
February 2009	February 13, 2009	193.35	16,994	February 24, 2009	183.95	6,87,807	188.65
March 2009	March 27, 2009	185.05	6,103	March 9, 2009	183	84,501	184.03
April 2009	April 20, 2009	225.50	76,955	April 6, 2009	182.85	1,02,272	204.18
May 2009	May 20, 2009	302.50	36,583	May 6, 2009	230	1,75,958	266.25
June 2009	June 26, 2009	299.55	49,665	June 19, 2009	287.25	64,089	293.40

(Source: [www.nseindia.com](http://www.nseindia.com))

#### Notes

- High, low and average prices are of the daily closing prices.

- In case of two days with the same closing price, the date with higher volume has been considered.

The high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Prospectus for the period between July 1, 2009 and July 15, 2009 is as follows:

BSE							
Period	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
July 1, 2009 to July 15, 2009	July 3, 2009	310.20	1,25,489	July 2, 2009	289.65	16,935	299.93

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Period	Date	High (Rs.)	Volume (No. of Shares)	Date	Low (Rs.)	Volume (No. of Shares)	Average (Rs.)
July 1, 2009 to July 15, 2009	July 3, 2009	306.80	4,90,115	July 2, 2009	291.05	45,457	298.93

(Source: [www.nseindia.com](http://www.nseindia.com))

#### Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	BSE		NSE	
	Volume (Rs. in lakhs.)	Value (Rs. in lakhs.)	Volume (Rs. in lakhs.)	Value (Rs. in lakhs.)
January 2009	4,541.25	8,894.23		
February 2009	6,056.80	5,704.91		
March 2009	72.29	1,190.41		
April 2009	3,453.34	21,977.82		
May 2009	5,233.25	35,797.34		
June 2009	7,506.29	13,922.40		

(Source: [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com))

#### B. Trading of Debentures

The following privately placed debentures issued by the Company have been traded on the WDM segment of NSE in the last 3 years preceding the date of this Prospectus:

ISIN No.	Date of Trade	Last trade price (in Rs.)	Last trade value (Rs. in lakhs)	Total trade value (Rs. in lakhs)	Last trade yield (% per annum)	Weighted average price (Rs.)
INE721A07259	August 9, 2007	101.36	1,000.00	2,000.00	10.94	100.68
INE721A07259	September 6, 2007	101.17	1,500.00	1,500.00	11.02	101.17
INE721A07259	April 9, 2009	101.95	1,500.00	1,500.00	9.68	101.95
INE721A07598	April 21, 2009	96.30	500.00	500.00	14.17	96.30
INE721A07598	April 23, 2009	96.31	500.00	500.00	14.16	96.31
INE721A07549	April 2, 2009	98.72	2,500.00	2,500.00	11.10	98.72
INE721A07598	April 8, 2009	98.73	1,500.00	1,500.00	11.10	98.73



ISIN No.	Date of Trade	Last trade price (in Rs.)	Last trade value (Rs. in lakhs)	Total trade value (Rs. in lakhs)	Last trade yield (% per annum)	Weighted average price (Rs.)
INE721A07598	April 24, 2009	98.75	1,500.00	1,500.00	11.11	98.75
INE721A07655	April 21, 2009	92.15	2,500.00	2,500.00	0.00	92.15

(Source: [www.nseindia.com](http://www.nseindia.com))

Save as disclosed hereinabove, other privately placed debentures issued by our Company which are listed on the WDM segment of NSE and BSE have not been traded in the last three years.

### Dividend

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend paid on our Equity Shares in the last five years is as follows:

Financial Year	Dividend Payout
2003-04	25%
2004-05	25%
2005-06	30%
2006-07	30%
2007-08	50%
2008-09	10% (Interim Dividend)

Subject to the approval of the shareholders, the Board of Directors at its meeting held on May 13, 2009 recommended a final dividend of Rs.4/- per equity share of Rs. 10/- (40 percent).

### Revaluation of assets

The Company has not revalued its assets in the last five years.

### Mechanism for redressal of investor grievances

The MoU between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Mr. K. Prakash has been appointed as the Compliance Officer of the Company for this issue.



### **Change in Auditors of the Company during the last three years**

The change(s) in the statutory auditors of our Company in the last 3 (three) financial years preceding the date of this Prospectus are as follows:

<b>Financial Year</b>	<b>Change in Auditors</b>	<b>Date of Appointment/removal</b>
2006-07	M/s. S R Batliboi & Co., Chartered Accountants, Mumbai, were appointed as Joint Auditors (other joint auditor being M/s. G D Apte & Co., Chartered Accountants, Pune)	AGM held on December 30, 2006

## REGULATIONS AND POLICIES

*The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### 1. Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, 1934 (“**RBI Act**”), the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, (“**APD Directions**”), the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, (“**Public Deposit Directions**”), the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (“**Non- Deposit Accepting NBFC Directions**”), and the provisions of the Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

### 2. Types of Activities that NBFCs are permitted to carry out

A NBFC is a company registered under the Act which, either as its principal or part of its business is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

- (i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and
- (ii) NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

### 3. Types of NBFCs:

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC (“**NBFC-D**”) or as a non-deposit accepting NBFC (“**NBFC-ND**”).

NBFCs registered with RBI are further classified as:

- (i) asset finance companies;
- (ii) investment companies; and/or
- (iii) loan companies.



Our Company has been classified as an NBFC-D and is further classified as an “asset finance company”. An asset finance company is an NBFC whose principal business is to finance physical assets supporting productive / economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines.

#### **4. Regulatory Requirements of an NBFC under the RBI Act**

##### *Net Owned Fund*

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of Rs. 2,00,00,000 (Rupees two crore only). For this purpose, the RBI Act has defined “net owned fund” to mean:

- (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, and (iii) other intangible assets; and
- (b) further reduced by the amounts representing,
  - (1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs, and
  - (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group,

to the extent such amount exceeds 10% of (a) above.

##### *Reserve Fund*

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

#### **5. Obligations of NBFC-D under the Public Deposit Directions**

The RBI’s Public Deposit Directions governs the manner in which NBFCs may accept and/or hold public deposits. The Public Deposit Directions places the following restrictions on NBFCs in connection with accepting public deposits:

1. Prohibition from accepting any demand deposits: NBFCs are prohibited from accepting any public deposit which is repayable on demand.
2. Ceiling on quantum of deposits: A NBFC which is classified as an asset finance company, (a) having net owned funds of Rs. 25,00,000/- (Rupees twenty five lakh only) or more, and, (b) having complied with all prudential norms relating to the capital adequacy ratio of not less than fifteen percent as per last audited balance-sheet, may, accept public deposits not exceeding one and one-half times of its net owned funds or public deposit up to Rs. 10,00,00,000/- (Rupees ten crore), whichever is less. Further, an asset finance company, (a) having net owned funds Rs. 25,00,000/- (Rupees twenty five lakh only) or more, (b) having complied with all the prudential norms, and (c) having obtained minimum investment grade credit rating from a notified credit rating agency, may, accept or renew public deposits not exceeding four times of its net owned funds.

3. Downgrading of credit-rating: In the event that the credit rating issued by a credit rating agency recognised by RBI, for an asset finance company is downgraded below the minimum specified investment grade, with respect to the relevant credit rating agency, the NBFC must (a) forthwith stop accepting public deposit, (b) report the position of the credit rating within fifteen working days to the RBI, and, (c) reduce, within three years from the date of such downgrading of credit rating, the amount of excess public deposit to nil or the appropriate extent as permitted by RBI, by repayment as and when such deposit falls due or otherwise.
4. Ceiling on rate of interest: An NBFC cannot invite or accept or renew public deposit at a rate of interest exceeding twelve and half per cent per annum. Such interest may be paid or compounded at rests which shall not be shorter than monthly rests.
5. Minimum lock-in period: An NBFC is prohibited from granting any loan against a public deposit or make premature repayment of a public deposit within a period of three months from the date of acceptance of such public deposit.

## 6. **Obligations of NBFC-D under the APD Directions**

NBFC-Ds are required to comply with prescribed capital adequacy ratios, single and group exposure norms, and other specified prudential requirements prescribed under the APD Directions. Some of the important obligations are as follows:

1. Income Recognition: NBFC-Ds are required to follow recognised accounting principles in connection with recognition of income. Income including interest/discount or any other charges on NPA is recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealised must be reversed. With respect to hire purchase assets, where instalments are overdue for more than 12 months, income shall be recognised only when hire charges are actually received. Any such income taken to the credit of profit and loss account before the asset became non-performing and remaining unrealised, must be reversed.
2. Asset Classification and provisioning of assets: Every NBFC-D is required to, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:
  - Standard assets;
  - Sub-standard assets;
  - Doubtful assets; and
  - Loss assets.

Further, an NBFC-D must, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets in the manner prescribed by RBI.

3. Loans against NBFC's own shares prohibited: No NBFC-D can lend against its own shares, as of July 1, 2008. Any outstanding loan granted by a NBFC-D against its own shares on the date of commencement of these Directions shall be recovered by the NBFC as per the repayment schedule.
4. NBFC failing to repay public deposit prohibited from making loans and investments: A NBFC-D which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit, cannot grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as such default exists.

5. Exposure to capital-markets: Every NBFC-D with total assets of Rs. 100 crore and above according to the previous audited balance sheet, must submit a monthly return within a period of 7 days of the expiry of the month to which it pertains in the prescribed form to the Regional Office of the Department of Non-Banking Supervision of the RBI.
6. Capital Adequacy: Every NBFC-D shall maintain a minimum CAR consisting of Tier I and Tier II capital which must not be less than twelve per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. The total of Tier II capital of any NBFC-D, at any point of time, must not exceed one hundred per cent of Tier I capital.

#### **7. Corporate Governance**

Pursuant to RBI circular (DNBS.PD/CC 94/03.10.042/2006-07) dated May 8, 2007, the RBI has proposed certain corporate governance guidelines for the consideration of all NBFC–D with an asset size of Rs. 20 crore or more. The guidelines recommend that such NBFCs constitute an Audit Committee, a Nomination Committee (to ensure that fit and proper persons are nominated as directors on their respective boards) and a Risk Management Committee to institute risk management systems. The guidelines have also issued instructions relating to credit facilities to directors, loans and advances to relatives of the directors of the said NBFCs or to the directors of other companies and their relatives and other entities, timeframe for recovery of such loans, etc. Such NBFCs are also required to frame internal corporate governance guidelines based on the guidelines issued by the RBI on May 8, 2007.

#### **8. Accounting Standards & Accounting policies**

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Profit and Loss account of these changes in each of the accounting years preceding the change.

In such cases our profit/ loss for the preceding years might not be strictly comparable with the profit/ loss for the period for which such accounting policy changes are being made.

#### **9. Reporting by Statutory Auditor**

The statutory auditor of the NBFC-D is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution(s), not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

#### **10. Other Regulations**

In addition to the above, the Company is required to comply with the provisions of the Act, Foreign Exchange Management Act, 1999, regulations, notifications and circulars thereunder and other applicable statutes of both the State and Central Government.

## SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Act the main provisions of the AOA relating to the issue and allotment of debentures and matters incidental thereto. Please note that the each provision herein below is numbered as per the corresponding article number in the AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term “Article” hereunder means the corresponding article contained in the AoA.

**Clause (ii) of Article 8 A** provides that the Company shall within three months after the allotment or within one month after the application for registration of the transfer of any Share or Debenture is completed and have ready for delivery the certificates of all the Shares and Debentures so allotted or transferred unless the conditions of issue of the said Shares otherwise provide.

**Article 8 B** provides that if a certificate be worn out, defaced or if there is no further space on the back thereof for endorsement of transfer, it shall, if required, be replaced by a new certificate free of charge provided/however that such new certificate shall not be issued except upon delivery of the said worn out or defaced or used up certificate for the purpose of cancellation. Further, if a certificate is lost or destroyed the Company may, upon such evidence and proof of such loss or destruction and such Indemnity as the Board may require and on payment of such a fee not exceeding Rupee one issue a renewed certificate. Any renewed certificate shall be marked as such.

**Clause A of Article 9** provides that the Board of Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money uncalled and unpaid upon any Share/Debenture held by him and upon all or any part of the money so advanced may (until the same would but for such advance become presently payable) pay interest at such rate not exceeding, without sanction of the Company in General Meeting, 14% (fourteen percent per annum) or such other percentage as may be fixed in this regard as the maximum percentage as may be agreed upon between the member paying the sum in advance and the Board of Directors, provided that the amount of advance calls so received shall not be entitled to rank for dividend or participate in the profits of the Company.

**Clause (g) of Article 10** provides that notwithstanding anything contained in these Articles, the Board of Directors of the Company may in their absolute discretion refuse splitting of any Share certificate or Debenture certificate into denominations less than Marketable lots i.e. the minimum number of Shares or Debentures as required for the purpose of trading on the stock exchange in which the Company’s Shares and/or Debentures are/will be listed, except where subdivision is required to be made to comply with a statutory provision or order of a competent Authority of law.

**Article 30** provides that in furtherance of and without prejudice to the general powers conferred on the Board of Directors by or implied in Articles 29 and the other powers conferred by these articles and subject to the provision of Sec.292 of the Act, it is hereby expressly declared that it shall be lawful, for the Directors to carry out all or any of the objects set forth in the Memorandum of Association and to do the following things:

...

Clause (3) of Article 30 At their discretion to pay for any property rights, or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in Shares, bonds, Debentures or other securities of the company and any such Shares may be issued either as fully paid-up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, Debentures, or other securities may be either specifically charged upon all or any of the property of the company and its uncalled Shares, or not so charged.

Clause (4) of Article 30 To secure the fulfilment of any contracts or agreement entered into by the Company by mortgage or charge of all or any of the properties of the Company and its uncalled capital for the time being or in such other manner as they think fit.

...

Clause (16) of Article 30 To borrow on mortgage of the whole or any part of the property of the Company or on the Bonds, Debentures either unsecured or secured by a charge or mortgage or other securities of the

Company, or otherwise as they may deem expedient, such sums as they may think necessary for the purpose of the Company, subject to provisions contained in Sec.292 and Sec.293 of the Act. Provided that Debentures with the rights to allotment or conversion into Shares shall not be issued except with the sanction of the Company in General Meeting.

**Article 32** provides that the Board of Directors may from time to time but with such consent of the Company in general meetings as may be required under Sec.293 of the Act, raise any money or any moneys or sum of money for the purpose of the Company, provided that the moneys to be borrowed together with moneys already borrowed by the company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not without the sanction of the Company at a General Meeting exceed the aggregate of the paid-up capital of the company and its free reserves that is to say reserves not set apart for any specific purpose and in particular but subject to the provision of Section 292 of the Act, the Board may from time to time at their discretion may raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company, by the issue of Debentures to members, raised or received, to mortgage, pledge or charge, the whole or any part of the property, assets, or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and others as may be expedient and to purchase, redeem or pay off any such securities. "Debentures, Debenture Stocks, Bonds or other securities with a right to allotment of or conversion into Shares shall not be issued except with the sanction of the Company in General Meeting".

**Article 43** provides that

Clause (1) of Article 43 Every shareholder or debenture holder or depositor of the Company, may at any time, nominate a person to whom his shares or debentures or deposits shall vest in the event of his death in such manner as may be prescribed under the Act.

Clause (2) of Article 43 Where the shares or debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures or deposits, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

Clause (2) of Article 43 Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares of debentures or deposits, the nominee shall, on the death of the shareholder or debenture holder or depositor or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or deposits or, as the case may be, all the joint holders, in relation to such shares or debentures or deposits, to the exclusion of all other person, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

**Article 45** provides that the Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, and the Rules framed thereunder, if any. Every person subscribing to or holding securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security. The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, with details of shares and Debentures held in material and dematerial forms in any media as may be permitted by law, including in any form of electronic media. The Register and Index of Beneficial Owners maintained by Depository under the Depositories Act, shall be deemed to be Register and Index of Members and Security holders for the purposes of these Articles. The Company shall be entitled to keep in any State or Country outside India a Branch Register of Members Resident in that State or Country.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at 123, Angappa Naicken Street, Chennai – 600 001 from 10.00 AM to 5 P.M on any business days from the date of this Prospectus until the date of closure of the Issue.

### A. Material Contracts

1. Engagement Letter dated May 29, 2009 received from the Company appointing Enam Securities Private Limited, A K Capital Services Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited to act as Lead Managers to the Issue.
2. MOU dated July 1, 2009 between the Company and the Lead Managers
3. MOU dated June 29, 2009 with Registrar to the Issue
4. Debenture Trust Agreement dated July 2, 2009 executed between the Company and the Debenture Trustee
5. The agreed form of the Debenture Trust Deed to be executed between the Company and the Debenture Trustee
6. Escrow agreement to be executed by the Company, the Registrar, the Escrow Collection Bank(s) and the Lead Managers

### B. Material Documents

1. Certificate of Incorporation of the Company dated June 30, 1979.
2. Memorandum and Articles of Association of the Company.
3. The certificate of registration No. 07-00459 dated April 17, 2007 issued by Reserve Bank of India u/s 45 IA of the Reserve Bank of India, 1934.
4. Shareholders Resolution passed at the Annual General Meeting held on July 31, 2008 appointing M/s. S.R. Batliboi & Co., Chartered Accountants, and M/s. G.D. Apte & Co., Chartered Accountants as the joint auditors for FY 2008-09.
5. Credit rating letters dated May 14, 2009 and June 15, 2009 from Fitch and CARE, respectively.
6. Copy of the Board Resolution dated May 13, 2009 approving this Issue.
7. Resolution passed by the shareholders of the Company at the Annual General Meeting held on July 31, 2008 approving the overall borrowing limit of Company.
8. Consents of the Directors, Auditors, Lead Managers to the Issue, Debenture Trustee, Credit Rating Agencies, Legal Advisor to the Issue, Bankers to the Issue, Bankers to the Company and the Registrar to the Issue, to include their names in the Prospectus to act in their respective capacities.
9. Appointment of Company Secretary as Compliance Officer for the issue and consent dated July 16, 2009 thereto.
10. The Report of the Auditors as set out herein dated July 2, 2009 in relation to the financials of the Company for the last five financial years.
11. Annual Reports of the Company for the last five Financial Years.
12. Due Diligence certificate dated July 16, 2009 filed by the Lead Managers and the Debenture Trustee respectively.
13. Tripartite agreement with CDSL and NSDL dated March 27, 1999 and April 30, 1999, respectively.
14. Copy of the shareholders' resolution appointing the Managing Director of the Company dated September 9, 2005 and copy of the shareholders' resolution revising the remuneration payable to Managing Director dated July 31, 2008.
15. Investment Agreement dated February 16, 2005 with UNO Investments, Sri R. Thyagarajan, Sri T Jayaraman, Sri AVS Raja and Shriram Financial Services Holdings Private Limited
16. Share Subscription Agreement dated February 2, 2006 and amendment agreement dated September 12, 2008 with Newbridge India Investments II Limited, Sri R. Thyagarajan, Sri T Jayaraman, Sri AVS Raja and Shriram Financial Services Holdings Private Limited, Shriram Recon Trucks Limited and SOFL.
17. Share Purchase Agreement dated March 28, 2007, with Ashley Transport Services Limited, Ashok Leyland Limited and INDUSIND Bank.



18. Shareholders Agreement dated March 28, 2007 with Ashok Leyland Limited, Ashley Investments Limited Ashley Holdings Limited and Ashley Transport Services Limited
19. Share Subscription and Shareholders Agreement dated December 13, 2007 between BRLP Mauritius Holdings II, BROMLP Mauritius Holdings II and our Promoter.
20. Share Subscription and Shareholders Agreement dated December 13, 2007 with JM Financial Ventures Limited and our Promoter.
21. Agreement dated September 8, 2006 and Supplemental Agreement dated July 20, 2007 with Axis Bank Limited, (formerly UTI Bank Limited), in connection with co-branded Credit Cards.
22. Employee Stock Option Scheme of 2005 of the Company.
23. In-principal approval for the Issue dated July 15, 2009 received from NSE.



## DECLARATION

We, the Directors of the Shriram Transport Finance Company Limited, certify that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be.

Yours faithfully

On behalf of the Board of Directors of SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

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ARUN DUGGAL

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R. SRIDHAR

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S. VENKATAKRISHNAN

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S. M. BAFNA

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M.S. VERMA

---

ADIT JAIN

---

M.M. CHITALE

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T.S. SETHURATHNAM

---

RANVIR DEWAN

---

PUNEET BHATIA

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RAVINDRA BAHL

Place: MUMBAI  
Date: July 16, 2009