



Gets you going

Shriram Transport Finance Company Limited

32nd Annual Report 2010-11

Forward looking statements

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

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

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

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Corporate Information

BOARD OF DIRECTORS

Chairman

Arun Duggal (Non-Independent)

Managing Director

R. Sridhar

Directors

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

VICE PRESIDENT (CORPORATE AFFAIRS) & COMPANY SECRETARY

K. Prakash

AUDITORS

M/s. S. R. Battliboi & Co., Chartered Accountants

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

SHARE TRANSFER AGENTS

Integrated Enterprises (India) Limited

2nd Floor, 'Kences Towers', No. 1,
Ramakrishna Street, North Usman Road,
T. Nagar, Chennai - 600 017.

Tel: 044 2814 0801/02/03, Fax: 044 2814 2479

REGISTERED OFFICE

Mookambika Complex, 3rd Floor, No. 4
Lady Desika Road, Mylapore, Chennai – 600 004

HEAD OFFICE

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

LISTED AT

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

INSTITUTIONS

Citicorp Finance (India) Ltd
GE Capital Services Ltd
Life Insurance Corporation of India (LIC)
L & T Finance Ltd.
SICOM Ltd.
Small Industries Development Bank of
India (SIDBI)

BANKERS

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



Our profile

Incorporated in 1979

Flagship Company of Shriram Group

Headquartered in Mumbai, India

Pan India presence through 68 strategic business units and 488 branches

Listed on the Bombay Stock Exchange (stock code – 511218) and National Stock Exchange (stock code – SRTRANSFIN)

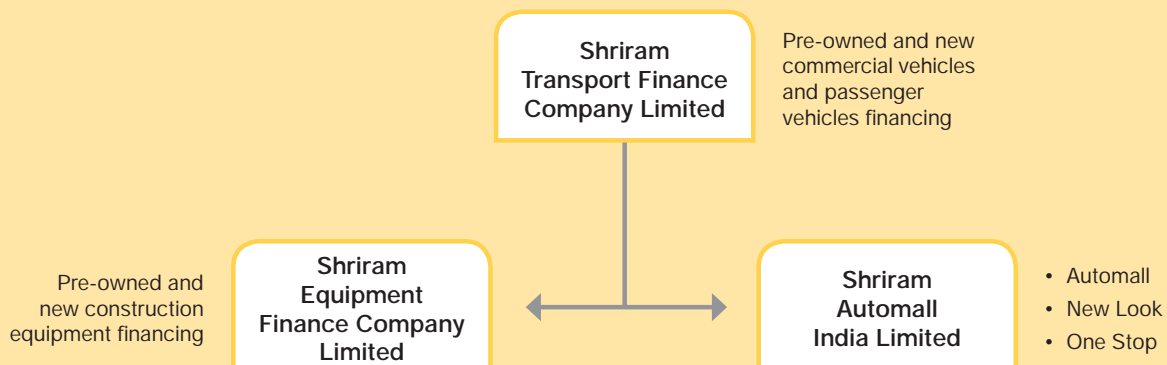
About us

India's largest asset financing Non Banking Finance Company having ~25% market share in pre-owned and ~8% share in new truck financing.

Friends

- More than 750,000 aspiring entrepreneurs
- More than 500 private financiers
- 16,919 employees including 9830 product/credit executives
- More than 40,000 shareholders and investors

Activities



- Financing of pre-owned and new commercial and passenger vehicles, tractors, 3 wheelers, multi-utility vehicles, etc.
- Finance for working capital, engine replacement, bill discounting, credit cards and tyre-loans as holistic financing support.
- Financing of pre-owned and new Construction equipment through Shriram Equipment Finance Company Limited, a 100% subsidiary
- Owns, operates and manages Automall, India's first pre-owned commercial vehicle physical auction platform through Shriram Automall India Limited, a 100% subsidiary
- Sale of refurbished commercial vehicles through Shriram New Look
- Operates Electronic Kiosks having intranet, to facilitate buying and selling of pre-owned commercial and passenger vehicles within our branches

Key milestones

1979

STFC was established

1984

Initial Public Offering

1990

Investment from Telco & Ashok Leyland

1999-00

- Tied up with Citicorp for CV financing under PMS
- The 1st securitisation transaction by STFC

2002

Preferential Allotment to Citicorp Finance (India) Ltd.

2004

Preferential Allotment to Axis Bank and Reliance Capital Ltd.

2005-06

- Merger of Shriram Investment Ltd. and Shriram Overseas Finance Ltd. with STFC
- PAT crosses Rs. 100 crores
- Investment from ChrysCapital and TPG)

2009

- Successfully placed Rs. 1000 crores of NCD with domestic investors
- Purchased hypothecation loan portfolio of CV and construction equipment of GE Capital Services India and GE Capital Financial Services (GE) aggregating to ~Rs. 1,100 crores

2010

- Securitised Rs. 8,757 crores
- Successfully raised Rs. 584 crores through QIP with domestic & international investors



Performance highlights 2010-11

Assets under management up
by **23.9%** to **Rs.36,086.03 crores** (US\$ 8bn)

Total income up
by **20.8%** to **Rs.5,429.65 crores**

Profit after tax up
by **40.9%** to **Rs.1,229.88 crores**

Earnings per share up
by **32.6%** to **Rs. 54.49**

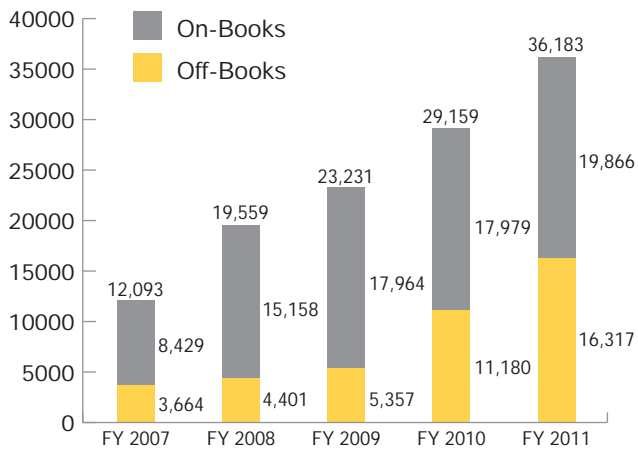
Total employee
base of **16,919**

Net NPA
of **0.38%**

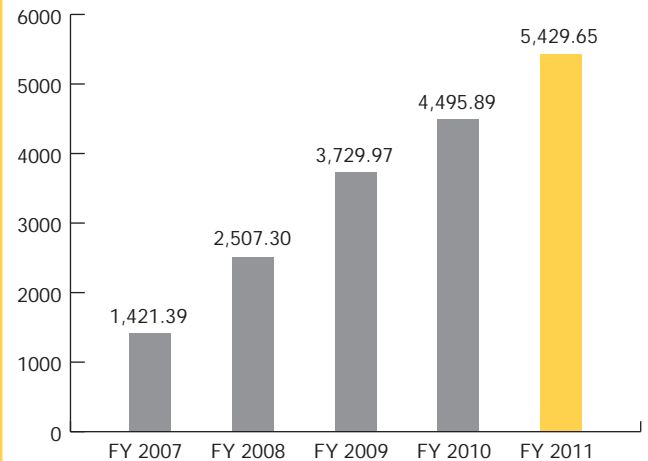
Securitized assets
worth **Rs. 10,203.61 crores**

Annual performance trends

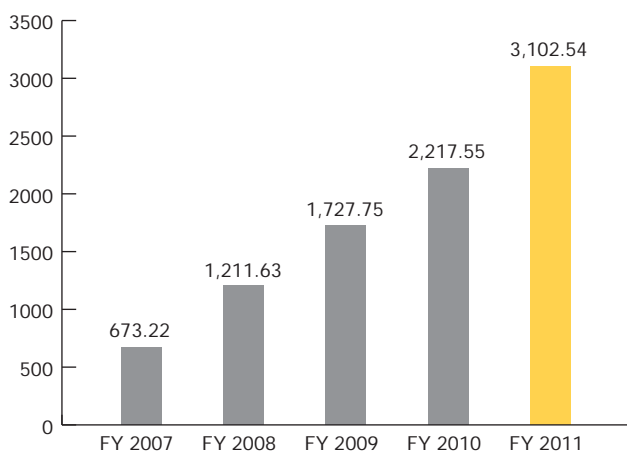
Assets under management (Rs. crores)



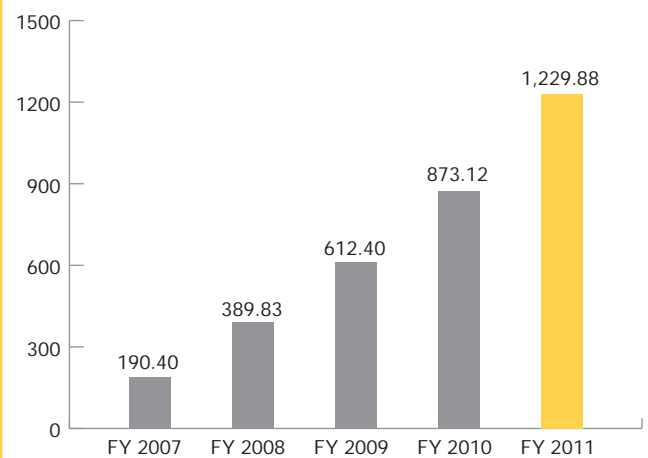
Total Income (Rs. crores)



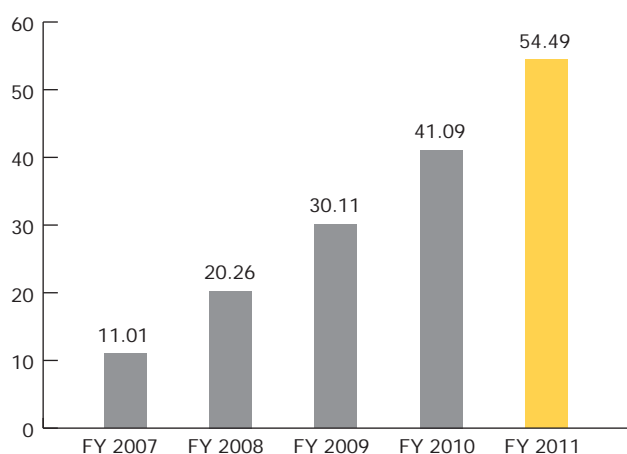
Net Interest Income (Rs. crores)



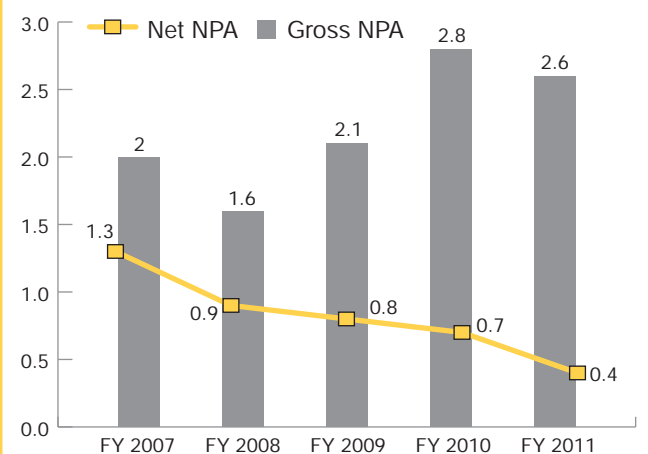
Net Profit (Rs. crores)



EPS (Rs.)



NPA (%)





Our reach

A
ADILABAD
ADONI
AGARTALA
AGRA
AHMEDABAD
AHMEDNAGAR
AJMER
AKOLA
ALAPPUZHA
ALIGARH
ALLAHABAD
ALWAR
AMALAPURAM
AMBIKAPUR
AMRAVATI
AMRELI
AMRITSAR
ANAKAPALLI
ANAND
ANANTHAPUR
ANCHAL
ANGAMALY
ANGUL
ARAKONAM
ARANI
ARIYALUR
ARRAH
ASANSOL
ATTUR
AURANGABAD
AZADPUR

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BACHELI
BADDI
BAGALKOT
BALAGHAT
BALASORE
BANKURA
BARAMATI
BARASAT
BARDOLI
BAREILLY
BARMER
BARODA
BASAVAKALYAN
BATLAKUNDU
BEED
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BENGALURU
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BHAGALPUR
BHARATPUR
BHARUCH
BHATINDA
BHAVANIPURAM
BHAVNAGAR
BHILAI
BHILWARA
BHIMAVARAM
BHIWANDI
BHOPAL
BHUBANESHWAR
BHUJ
BIDAR
BIJAPUR
BIJNORE
BIKANER
BILASHPUR
BILASPUR
BIRBHUM
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BUNDI
BURDWAN
BURHANPUR

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CHANDIKHOL
CHANDRAPUR
CHANNAPATNA
CHANNARAYAPATNA
CHATTARPUR
CHENGALPATTU
CHENNAI
CHICKBALLAPUR
CHIDAMBARAM
CHIKKAMANGALORE
CHIKKODI
CHINCHWAD
CHINDWARA
CHIPLUN

CHITRADURGA
CHITTORE
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COIMBATORE
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SHIVPURI
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SURENDRANAGAR

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THENI
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VIZIANAGARAM

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WARDHAMAN NAGAR
WASHIM

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YAMUNANAGAR
YAVATMAL



Management Discussion & Analysis

ECONOMIC OVERVIEW

2010-11 was a year of revival for most of the developed economies. Global gross domestic product recovered significantly during 2010 to 3.9 percent on account of dynamic economic development in emerging markets of Asia and South America, the positive effects of government economic stimulus programs and the restocking of industrial inventories. Other growth impetus resulted from the worldwide rise in demand for capital goods and the marked revival of international trade, which particularly allowed export-oriented economies such as Germany and Japan to recover quickly.

However, developed economies in Europe continued to grapple with higher debts, even as the emerging nations continued to improve their economic clout. In the wake of the crisis, power has shifted from the once-unshakable developed world to rapidly growing nations such as India and China, whose consumption power is leading the global recovery.

INDIAN ECONOMY OVERVIEW

According to the Economic Survey 2010-11, India's economy was likely to grow by 8.6 percent during 2010-11 on the back of robust agricultural growth, rising output in services sector and stable industrial production. Robust growth and steady fiscal consolidation have been the hallmark of the Indian economy in the year 2010-11 so far. However food inflation, higher commodity prices and volatility in global commodity markets have been a cause of concern underscoring the need for fiscal consolidation and stronger reserves.

COMMERCIAL VEHICLE INDUSTRY OVERVIEW

The total commercial vehicle (CV) segment accounts for about only 5 percent of total automobile sales in India. The Indian Commercial Vehicle (CV) Industry is the lifeline of the economy. Approximately 66 percent of the goods and 87 percent of the passenger traffic in the country moves via road. The trends have clearly indicated that the CV demand is closely correlated with GDP growth rate (more strongly with the Index of Industrial Production, IIP) of the country and therefore, it is believed that a growth or slowdown in CV demand is a harbinger of an upturn or down turn in the economy respectively. The CVs can be classified on the basis of their Gross Vehicular Weight (GVW) as Light Commercial Vehicles (LCV) or Medium & Heavy Commercial Vehicles (M&HCV), with M&HCVs accounting for approximately 58 percent of the total domestic CV sales.

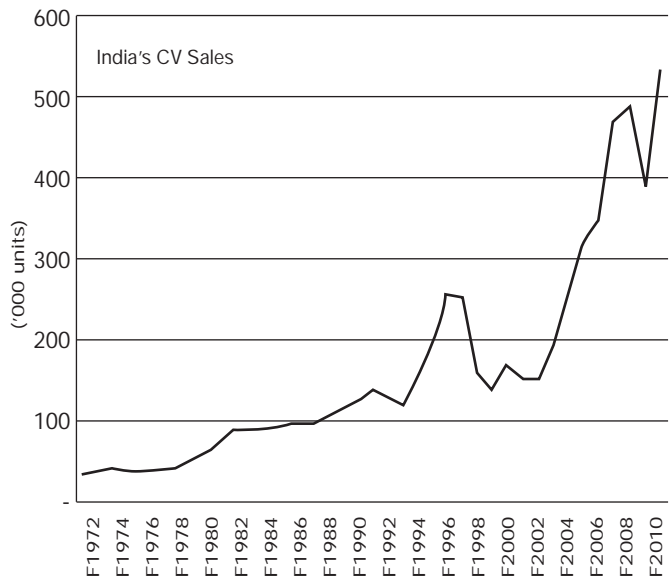
The CV industry has evolved tremendously over the years.

From the days of traditional allpurpose 9 tonner trucks; the industry has moved towards more usage specific vehicles. The developing road infrastructure is giving a push to a modern Hub & Spoke model of distribution of goods, which in turn is changing the kind of vehicles being deployed for goods transportation.

The Industry is now witnessing a clear segmentation in demand, with vehicles >16.2 tonnes (M&HCVs & Multi Axle vehicles) being used for transportation on the highways and <= 3.5 tonnes being used for intra-city or last mile transport. Similarly in case of passenger vehicles there is an increasing demand for luxury buses from the private players unlike earlier when the demand used to be largely driven by the State Transport Undertakings. The CV industry draws its demand from the economy and hence is prone to cyclicality. However, due to greater versatility of usage, the LCV demand is less cyclical than the M&HCV demand.

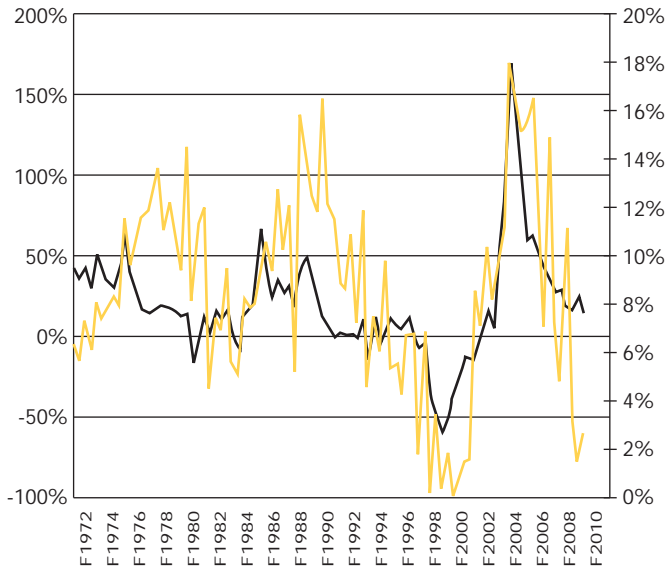
The growth in volume sales of Commercial vehicle in India has been strong, averaging 11 percent in real terms in the five years ended 2009-10. This compares with 13 percent in the five years ended 2004-05 and -3 percent in the five years ended 1999-2000. We expect India's demand for commercial vehicles to remain strong. India's stock of commercial vehicles is currently low at six vehicles per thousand people versus 11 for China and 48 for other Asian peers. The gap is expected to narrow down in the coming years in wake of GDP growth and increase in infrastructure spending.

India : CV Sales through Time



Source: SIAM, CEIC, Morgan Stanley Research

India CV Sales vs. IIP Growth (% YoY)



Source: Citi Investment Research and Analysis

Ownership of trucks in India remains highly fragmented, with most of the larger transport companies hiring trucks from small truck owners. Currently, the larger fleet operators are increasing their share of the corporate/wholesale business, while the smaller ones are providing the incremental 'capacity on hire' to the larger operators. However, with the logistics industry getting organised on account of higher outsourcing of logistics by manufacturing industries and the tighter implementation of overloading restrictions, a trend of consolidation appears to be emerging in the organised segment of the road transport industry. Nevertheless, the industry is expected to remain largely unorganised in the medium to long term.

The overall Commercial Vehicles segment registered growth of 26.9 percent during 2010-11 as compared to the previous year. While Medium & Heavy Commercial Vehicles (M&HCVs) registered growth of 37.2 percent, Light Commercial Vehicles grew at 22.9 percent. During the year ended March 31, 2011, the passenger vehicles segment grew at 29.2 percent when compared to the previous year. During this period, utility vehicles grew by 18.9 percent and multi-purpose vehicles grew by 42.1 percent.

Commercial vehicle industry dynamics

	New	Pre-owned
Year	1-5 Years	>5 above
Market size (Approximate)	370bn	520bn
Dominated by	Manufacturer's backed NBFC & Banks	Unorganised players
Financing focus	Manufacturer driven	Customer driven
Yields (%)	12-13	18-20
LTV	85-90%	65-70%
Operator	LTO (Large truck operators)	STO (Small truck operator)
Loan tenure	3-5 years	2-4 years
Primary usage	Metros and big cities - Long hauls	Interstate and small towns
Efficiencies	Low	High
Primary growth drivers	Higher GDP / IIP growth	Increased freight rates, increasing aspirations of drivers

Source: Company, Industry data

PRE-OWNED COMMERCIAL VEHICLES

In the wake of stricter emission norms, influx of newer vehicles, affordable finance, higher economic activity and evolving aspirations of drivers/fleet owners, a commercial vehicle undergoes ownership change four times on an average, during its operational lifecycle of approximately 12 years. The first change of ownership usually occurs in the 4th or 5th year of purchase. India's CV sales were broadly stable in the 1994-2003 period. However, with the buoyant economic growth,

new CV sales rebounded sharply from 2004 onwards. These vehicles will now be sold as pre-owned commercial vehicles in the country, in the near future.

COMMERCIAL VEHICLE FINANCING INDUSTRY

The commercial-vehicle financing segment is the oldest retail-financing segment in India and has historically been amongst the most competitive and fragmented (within the financial services space). The Large CV Financing market in India is



Management Discussion & Analysis (Contd.)

estimated to be Rs. 77,000 crores, of which more than 5-year-old CV segment accounts for 61 percent. Potential financing market for Large CVs aged 5-12 years in India is pegged at Rs. 40,000 crores, which also accounts for 35 percent of the total existing CV population in India. The pre-owned CV segment accounts for almost 70 percent of the total CV sales as the industry consists largely of small truck owners/operators that typically own fewer than five trucks. The financing to these pre-owned commercial vehicle segments is largely catered to by unorganised sector.

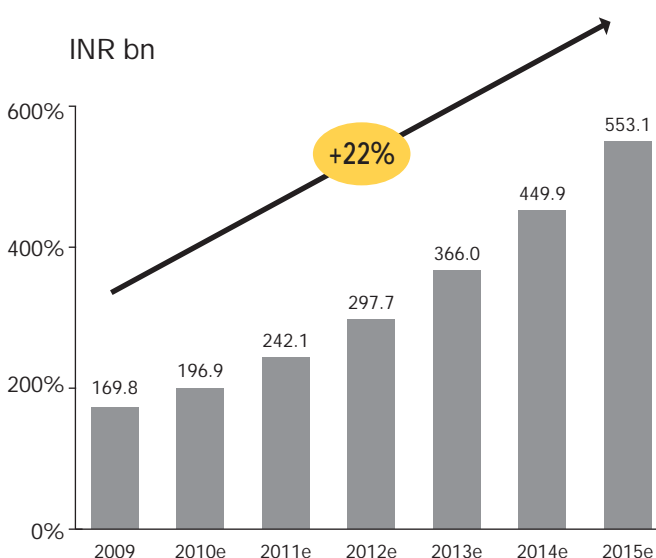
Traditionally, On account of higher affordability, the pre-owned commercial vehicle serves as a first step towards entrepreneurship for the aspiring drivers turned truck-owners. Private financiers on account of the following factors have dominated the financing to this asset class:

1. The customer profile comprising of small road truck operators and first time users is perceived to be risky on account of their being highly mobile and having poor banking habits. Most of the SRTOs and FTUs use the financed commercial vehicles as their only means of sustenance and earnings. The nature of engagement makes them highly mobile along with the asset, creating a challenge to ensure track of the customer and/or the asset financed. Adding to this is the fact, that since these vehicle owners always get paid for their services in cash, they have a deep-rooted culture of transacting in cash. As a result of the aforementioned challenges, the customer segment doesn't meet any of the traditionally followed credit criteria.
2. Absence of recognised platform for trading of pre-owned commercial vehicles have resulted in lack of established asset valuation norms, and vice-versa. This has lead to perceived asset-liability mismatch risk for the organised financiers.

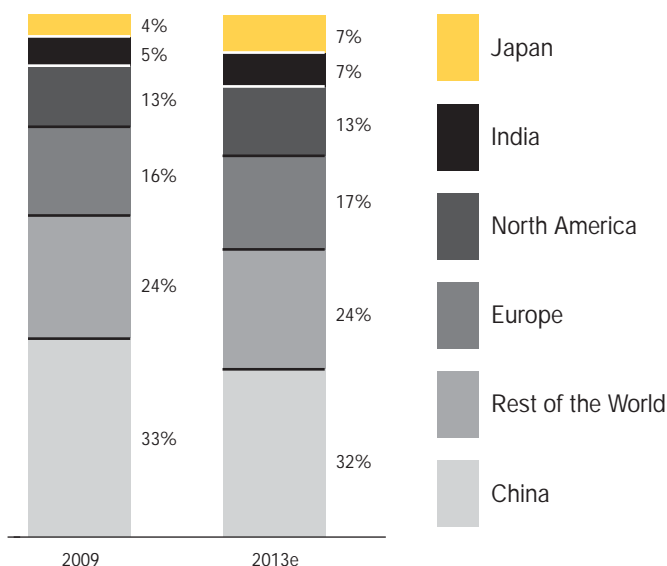
CONSTRUCTION EQUIPMENT INDUSTRY

Construction industry in India is growing rapidly with a major impetus from infrastructure development. Construction equipment market is pegged at Rs. 16,980 crores in 2009, growing at a CAGR of 22 percent. It has been expected that spending on construction equipment in India will reach Rs. 1.8 tr between 2007-15. With the development in infrastructure, construction equipment market is expected to grow rapidly, which would also propel the demand for specialised construction equipment including crawlers, excavators, wheeled loaders, crawler dozers and compaction equipment.

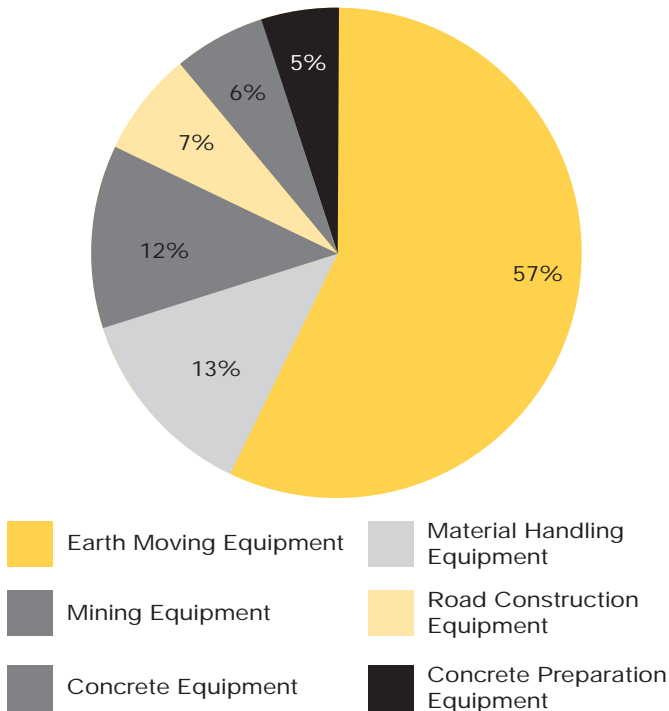
Market Size and Growth



Global Sales : Construction Equipment



Structure of Equipment Demand



Government of India has allocated INR 1.66 tr (2010-11) to infrastructure growth indicating strong commitment to the development of infrastructure in India. Construction expenditure will increase by Rs. 1,218,900 crores from 2008-09 to 2012-13 on account of government expenditure.

EQUIPMENT RENTALS

- Large construction projects require deployment of heavy equipment, so purchase of such equipment will only add cost to the company
- Equipment rental or leasing contributes towards significant cost savings
- Rental business in India is considered to be at a very nascent stage
- Estimated share of equipment sold to rental companies is 10 percent in India as compared to 50 percent in developed countries
- With growing infrastructure development specially from road, power and port equipment rental will also witness strong growth in the near future
- Equipment rental industry in India is highly fragmented with an estimated 10,000 unorganised small players
- Top 10 players together have an estimated market size of around 30-40 percent of equipment rental in India

The fragmented marketplace coupled with huge potential

demand in the industry has led to the origination of small construction equipment operators (SCEOs). Since the customer class is exactly similar to the SRTOs and FTUs, the demand for pre-owned construction equipment has improved in the recent years.

COMPANY REVIEW

About the company

Established in 1979, Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with Rs. 3,608,602.63 lacs worth of assets under management. The company is a leader in organised financing of pre-owned trucks with strategic presence in 5-12 year old trucks and a market share of 20-25 percent. It has a pan-India presence with a network of 68 SBUs and 488 branches, and has built a strong customer base of over 7.5 lacs. Over the past 30 years, it has developed strong competencies in the areas of loan origination, valuation of pre-owned trucks and collection.

2010-11 in review

The year 2010-11 was a year of growth for the company. On account of improved macro-economic factors like improved industrial activity, agricultural growth, government spending on infrastructure, better connectivity, higher passenger movement and influx of new vehicle models, the demand for new commercial vehicles increased by 30 percent. This in-turn led to higher volumes in pre-owned vehicle sales in rural as well as urban India. However, the Government of India revised the interest rates four times to rein in inflation, which continued to be a sore point for 2010-11.

In the light of the above-mentioned industry scenario, the company's performance was as follows:

Operational highlights

1. *Strengthening the knowledge proposition*

A knowledge-led culture has been the company's core strength. While the knowledge of the customer enables the company to address delinquency risk, the knowledge of the territory enables it to prudently invest into relevant markets. Product knowledge enables it to address and control the credit quality across product verticals. The company has created a scalable business model based on creation of an organizational structure that readily addresses all the risks concerning Customers, Territory and Products. As a result, the company is able to mitigate its credit risk efficiently, in wake of its growing volumes. During 2010-11, the company continued to implement the model across its branches.



Management Discussion & Analysis (Contd.)

2. **Expanding the product verticals**

The company, being the largest NBFC catering to the pre-owned commercial vehicle segment, decided to expand its product offering to cater to its existing customer profile comprising of first time users (FTUs) and small road transport operators (SRTOs). As a result, the company focused to expand its product profile to cater to construction equipment segment and passenger vehicle segment through its dedicated subsidiaries – Shriram Equipment Finance Company Limited and Shriram Automall India Limited.

Construction equipment business

In order to maintain its growth rate, it is imperative for India to invest into infrastructure creation. In the last decade, infrastructure has emerged as the single biggest thrust area for the Indian government since it doesn't only ensure smoother movement of people and goods but also instigates higher consumption in the connected areas. As a result, the demand for new construction equipment has been on a rise, further fueling the latent demand for pre-owned construction equipment. Being a segment having a common customer profile, the company forayed into financing pre-owned construction equipment during 2009-10. Since the product knowledge required for the segment is comprehensive, a 100 percent subsidiary Shriram Equipment Finance Company Limited was incorporated. The subsidiary company finances commercial construction equipment like forklifts, cranes, loaders etc. and is managed by an independent team of dedicated professionals having intensive product expertise. During its first year of operations (2010-11), Shriram Equipment Finance Company Limited had made total disbursements of Rs. 65,643.40 lacs and earned a net profit of Rs. 115.70 lacs. The company had Assets under Finance of Rs. 63,416.10 lacs as on March 31, 2011.

Passenger vehicles

The company has been providing asset finance for the last three decades. It has enabled more than a million aspiring individuals to emerge as entrepreneurs. Some of the customers of the company, graduated to fleet-owners – first moving from pre-owned to new commercial vehicles and then from trucks to other commercial vehicles, such as passenger buses. As a result, the company continued to finance its established customers across related asset class. With the advent of superior roads and highways, the quality of passenger vehicles has improved and the

sector witnessed increased demand for luxury buses and coaches. To capitalize on the opportunity, the company created a dedicated product vertical headed by experienced team of professionals, thereby not only scaling up the vertical but also protecting the asset quality in the process.

Auto Malls

During the year under review, the company inaugurated its first Automall in Chennai, Tamil Nadu. The Automall is spread across 5 acres (0.2m sqft) of area, about 50km from the city of Chennai on NH-45. It is the first-of-its-kind mall that offers a platform for the potential buyers and sellers to meet and decide the value of the vehicle based on a public auction. During the inaugural auction, 120 vehicles successfully changed ownership. The auction process not only makes the valuation of assets a transparent exercise but also results in assurance for buyer of the vehicle relating to the vehicle's title, quality and performance. The Automalls are owned and managed by company's 100 percent owned subsidiary – Shriram Automall India Limited. The Automalls would hold periodic auctions of pre-owned CVs that have been repossessed by Shriram Transport and other financing companies. While the company would earn a fee-based income from each vehicle auctioned, it will also gain access to a ready consumer base for vehicle financing. Above all, the initiative would enable the company to institutionalize the valuation practices and create a valuation benchmark for pre-owned commercial vehicles. The company would open 50-60 Automalls within next twelve months, each with a parking capacity of 250 vehicles across India.

Shriram New Look

Average age of a commercial vehicle is about 15 years. Normally, a commercial vehicle first changes ownership in the 4th or 5th year of its first purchase. In few cases, some commercial vehicles can fetch better valuation for the seller when a few maintenance issues are tackled. In other words, the incremental value of a refurbished vehicle can exceed the cost of refurbishment. To address such segment, the company has introduced Shriram New Look, owned and managed by company's subsidiary – Shriram Automall India Limited. This facility is available within the Automalls and is managed by a dedicated team. It enables the company to bid for an asset in the auction process. Once the company wins the bid for the asset, it would invest on refurbishing the asset and ultimately sell the same under its own brand name.

ADVANTAGES OF AUTOMALLS

1. Results in fee-based income
2. Offers origination opportunity as it can fund the sale while brokering the deal
3. Ease of liquidation of re-processed stock
4. Helps realise better value

Electronic kiosks

The company has successfully installed electronic kiosks across all its branches during the year under review. These electronic kiosks enable the intended sellers to register their vehicle details through an intranet portal. The details along with the photographs of the vehicles are made available on the electronic kiosks to the potential buyers seeking the vehicle. This also acts as a point of origination for financing proposals and also offers confidence to the buyers and sellers of the asset.

3. *Securing low cost funds to propel future growth*

The company's main raw material is funds at competitive rates. The ability of the company to access funds and lend it at better rates drives its profitability. During 2010-11 the company initiated a fund raising programme resulting in infusion of Rs. 500 crores into the company. Further, owing to its ability to securitise its receivables, the company continued to reduce its average cost of funds, despite increase in interest rates throughout the year.

4. *Expanding reach*

The company continued to expand its reach and as on March 31, 2011 had 488 branches pan-India. The company continued to strengthen its network also through private financiers through fiduciary relationship. As on March 31, 2010, the company had tie-ups with more than 500 private financiers.

SWOT ANALYSIS

Strengths

- The pioneer in the pre-owned commercial vehicles financing sector
- Knowledge-driven (products as well as local customers) and relationship-based business model

- Significant expertise and experience in valuation of pre-owned CVs as well as in recovery/collection of monthly payments from customers
- Pan-India presence with 488 branch offices all over the country.
- A well-defined and scalable organization structure, capable of supporting surging growth
- Low delinquency as assets are backed with adequate cover and are easy to repossess with immediate liquidity.
- Strong financial track record driven by fast growth in AUM with low Non Performing Assets (NPAs)
- Experienced and stable management team
- Strong relationships with public, private as well as foreign banks, institutions and investors.

Weaknesses

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

Opportunities

- Growth in the CV market driven by the economic growth and the infrastructure development in the country
- Strong demand for construction equipment
- Strong demand for passenger CVs
- Strong demand for pre-owned tractors
- Loans for working capital requirements of CV users
- Partnerships with private financiers will enable the Company to enhance its reach without significant investments in building infrastructure

Threats

- Maintaining relationships with customers who are mobile and have no proper documentation
- Maintaining asset quality
- Regulatory changes in the NBFC and transportation sectors

FINANCIAL PERFORMANCE

During the year 2010-11, the Company's total income increased by 20.8 percent to Rs. 542,965.40 lacs as compared to Rs. 449,588.96 lacs in 2009-10. The Company's PAT also increased by 40.9 percent to Rs. 122,988.00 in 2010-11, from Rs. 87,311.74 lacs in 2009-10. The Gross NPAs and net NPAs for the year 2010-11 were 2.64 percent and 0.38 percent respectively. The Company's net spread for the year under review stood at 6.3 percent.



Management Discussion & Analysis (Contd.)

Capital Adequacy Ratio (CAR)

The Company maintained a CAR of 24.85 percent during 2010-11, as against a minimum 12 percent as required by RBI norms.

Borrowing profile

The Company's total external borrowings increased from Rs. 1,845,990.96 lacs as of March 31, 2010 to Rs. 1,988,171.30 lacs as of March 31, 2011. The company has a strategic mix of retail deposits and institutional funding with retail liabilities constituting 22.4 percent of the total external borrowings (against 17.7 percent as of March 31, 2010) and loans from banks and institutions accounting for 77.6 percent (against 82.3 percent as of March 31, 2010).

Assets Under Management (AUM)

The total Assets Under Management (AUM) for 2010-11 stood at Rs. 3,608,602.63 lacs, as compared to Rs. 2,912,229.73 lacs; registering a growth of 23.9 percent over 2009-10. 75.5 percent of the total AUM was related to the pre-owned CV category and the remaining 24.5 percent accounted for the new CV vehicle category.

Securitisation

During 2010-11, the company surpassed Rs. 10,000 crores mark by securitizing assets worth Rs. 10,203.61 crores as compared to Rs. 875,681.03 lacs in 2009-10. As a percentage of total AUM, the securitised assets accounted for 45.2 percent. The securitization of assets enables the company to mitigate the interest risk by converting its floating liability to fixed price liability. The outstanding securitised assets portfolio stood at Rs. 1,631,702.24 lacs as on March 31, 2011.

Internal control systems and their adequacy

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

Material developments in human resources

Human resources are an integral and important part of any organisation and for the Company whose business model is relationship-based, its people are the key to its success and growth. Thus, the Company has put in place sound policies for the growth and progress of its employees. These include definite performance-based incentive plans and an Employee Stock Option Plan (ESOP) for eligible employees. The Company also recognises the importance of providing training and development opportunities to its people to enhance their skills and experience, which in turn enables the Company to achieve its business objectives. As of March 31, 2011, the Company had 16,919 employees on its payrolls including 9,830 product/credit executives.

RISKS AND CONCERNS

Economy risk

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

Risk mitigation

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

HUMAN RESOURCE RISK

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

Risk mitigation

- The company has created a successful and scalable business model by putting people first
- The company ensures a progressive career path for each of its employees
- High levels of inter-departmental and intra-departmental transparency allows speedy resolution of the employees' concerns

- Performance linked remuneration coupled with ESOPs help in retaining talent
- Continuous efforts for training and development of all personnel across departments
- The attrition rate in the Company is amongst the lowest in the industry

INTEREST RATE RISK

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

Risk mitigation

- The company's insights on product valuation enable it to lend judiciously
- Majority of the Company's loan portfolio qualify as Priority Sector assets for banks, which enables the Company to raise funds at lower costs.
- The Company also enjoys high credit ratings for its long term (AA+ from CARE and AA from CRISIL) as well as short term (F1+ from Fitch and P1+ from CRISIL) credit requirements
- Given its long standing relationship with banks and institutions and an impeccable track record of servicing its debts in a timely manner, the Company is a preferred partner for all banks and institutions

ASSET-LIABILITY MISMATCH RISK

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

Risk mitigation

- The Company never employs short term borrowings into long term lending

- The Company is also increasing its proportion of long-term loans by borrowing from the retail sector and raises funds through the securitisation route.
- A prudent borrowing strategy enabled the Company to service all its debts on time during the year

CASH MANAGEMENT RISK

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

Risk mitigation

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

CAUTIONARY STATEMENT

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



Directors' Report

Your Directors have pleasure in presenting their Thirty Second Annual Report and the Audited Statements of Accounts for the financial year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2010-11	2009-10
Profit Before Depreciation and Taxation	185,974.83	133,954.96
Less: Depreciation and Amortisation	1,082.07	1,495.84
Profit Before Tax	184,892.76	132,459.12
Less: Provision for Taxation	61,904.76	45,147.38
Profit After Tax	122,988.00	87,311.74
Add: Balance brought forward from previous year	93,001.65	58,309.25
Balance available for appropriation	215,989.65	145,620.99
Appropriations		
General Reserve	12,300.00	8,800.00
Statutory Reserve	24,600.00	17,500.00
Debenture Redemption Reserve	21,381.60	10,442.08
Dividend on Equity Shares of Rs. 10/- each	14,684.89	13,600.65
Tax on Dividend	2,438.95	2,276.61
Balance carried to Balance Sheet	140,584.21	93,001.65

DIVIDEND

Your Directors at their meeting held on October 27, 2010 declared an interim dividend of Rs. 2.50/- per equity share (i.e. 25 percent) for the financial year 2010-11, which was paid on November 22, 2010. The payment of this Interim Dividend involved an outflow, including tax on dividend, of Rs. 6,574.91 lacs.

Your Directors have recommended a final dividend of Rs. 4/- per equity share (i.e. 40 percent) for the financial year ended March 31, 2011. This dividend distribution would result in a cash outflow of Rs. 10,548.93 lacs including tax on dividend of Rs. 1,502.50 lacs.

Thus, the total amount of dividend (including interim dividend paid) for the year ended March 31, 2011 shall be Rs. 17,123.84 lacs including tax on dividend of Rs. 2,438.95 lacs, as against Rs. 15,496.82 lacs, including tax on dividend of Rs. 2,221.35 lacs for the previous financial year.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2011, stood at 24.85 percent of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 12.00 percent.

CREDIT RATING

The credit rating enjoyed by the Company as on March 31, 2011 is as follows.

Credit Rating Agency	Instruments	Ratings	Limit in Rs. (lacs)
CARE	Non Convertible Debentures	AA+	255,000
CARE	Subordinate Debt	AA	180,000
CRISIL	Fixed Deposit	FAA+	-
CRISIL	Subordinate Debt	AA	70,000
CRISIL	Non Convertible Debentures	AA	50,000
CRISIL	Short Term	P1+	200,000
ICRA	Fixed Deposit	MAA+	-
FITCH	Non Convertible Debentures	AA(Ind)	550,000
FITCH	Short Term	FI+(Ind)	150,000
FITCH	Subordinate Debt	AA(Ind)	120,000

OPERATIONS

For the financial year ended March 31, 2011, your Company earned Profit Before Tax of Rs. 184,892.76 lacs as against Rs. 132,459.12 lacs of the earlier year, posting an increase of 39.58 percent year-on-year. The Profit After Tax of Rs. 122,988.00 lacs also is 40.86 percent more when compared to the previous year, which was Rs. 87,311.74 lacs. The total income for the year under consideration was Rs. 542,965.40 lacs and total expenditure was Rs. 358,072.64 lacs.

The total disbursements made for financing of commercial vehicles during the year under review were Rs. 1,988,368.64 lacs. As on March 31, 2011, the outstanding hypothecation loans were Rs. 1,946,414.11 lacs.

During the financial year ended March 31, 2011, the Company mobilised Rs. 119,920.93 lacs through non-convertible debentures, Rs. 17,981.66 lacs through subordinated debts, Rs. 61,869.26 lacs through term loans, Rs. 10,650.00 lacs through working capital loans, Rs. 1,000.00 lacs through commercial paper and Rs. 1,020,361.35 lacs through assignment of loan receivables from the customers.

ECONOMIC SCENERIO

The economic meltdown originated in the United States of America in the year 2008 seems to have enforced a major shift in the global economic power hierarchy. The timely support through a series of economic measures and by active governmental monitoring of the financial health, the Indian economy registered speedy recovery. Weathering the turbulent global slowdown, the Indian economy managed commendable expansion of 8.00 percent in 2009-10 and 6.80 percent in 2008-09. During the financial year ended March 31, 2011, the growth has been reported as over 8.60 percent. It is now widely believed that India could well be on course to be the third largest economy in the world in a couple of years, overtaking Japan. Besides, it is expected that, after 2020, India's growth would be faster than that of even China. The Indian economy has benefited immensely from robust domestic demand and a revival in investor and consumer sentiment. This has resulted in stronger capital inflows into the country. The agricultural sector, which was lagging behind, has also performed well assisted by favourable monsoon, which in turn, gave a major thrust to the rural demand.

The Indian economy is projected to grow 8.50 percent - 9.00 percent in 2011-12. A good south-west monsoon season is forecasted for the year, which in turn, would give a fillip to

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A good south-west monsoon season is forecasted for the year, which in turn, would give a fillip to our growth dynamics. A 9.00 percent GDP growth, then could be well within the reach. The Twelfth Five Year Plan could probably set a target growth of 9.00 percent to 9.50 percent. However, managing the inflationary pressures and the balance of payment situation would be a challenge.

our growth dynamics. A 9.00 percent GDP growth, then could be well within the reach. The Twelfth Five Year Plan could probably set a target growth of 9.00 percent to 9.50 percent. However, managing the inflationary pressures and the balance of payment situation would be a challenge. Besides, the volatile interest rates could also prove to be a dampener.

The growth of the commercial vehicle segment, which is closely linked to the country's GDP growth, has also been good during these years. During the year ended March 31, 2011, the passenger vehicles segment grew at 29.16 percent when compared to the previous year. During this period, utility vehicles grew by 18.87 percent and multi-purpose vehicles grew by 42.10 percent. The overall commercial vehicles segment registered growth of 26.97 percent during April-March 2011 as compared to the same period last year. While medium & heavy commercial vehicles registered growth of 31.78 percent, light commercial vehicles grew at 22.88 percent. Three wheelers sales recorded a growth rate of 19.44 percent in April-March 2011. While passenger carriers grew by 22.03 percent during April-March 2011, goods carriers registered growth of 9.45 percent. In the export front, during April-March 2011, the passenger vehicles segment registered marginal growth at 1.64 percent, while the commercial vehicles and three wheelers segments recorded growth of 69.51 percent and 55.86 percent respectively.

The enhanced industrial activity, expected agricultural growth and huge governmental expenditure on infrastructure development are some of the major factors, which are expected to propel the demand for new commercial vehicles. Besides, increased passenger movement through the roads and introduction of new and improved vehicles in the market



Directors' Report (Contd.)

The enhanced industrial activity, expected agricultural growth and huge governmental expenditure on infrastructure development are some of the major factors, which are expected to propel the demand for new commercial vehicles.

are also expected to push up the demand. It is projected that during the financial year 2011-12, the light commercial vehicle and the medium & heavy commercial vehicle segments would grow 18-21 percent and 10-12 percent respectively. The passenger bus segment would be recording a growth of 8-10 percent. The three wheelers (cargo) and three wheelers (passenger) would grow 4-6 percent and 10-12 percent respectively.

The sale of commercial vehicle has averaged about 11.00 percent in the five years ended 2010. Considering the typical life cycle of the commercial vehicles, most of the vehicles that have been sold in the last four to five years would be due for resale shortly. The market for large commercial vehicle in India alone is estimated to be about Rs. 70,000 crores and the market for financing the pre-owned vehicles of 5-12 years is expected to be around Rs. 40,000 crores. Your Company, therefore, expects that the demand for commercial vehicles financing would continue to remain strong.

FIXED DEPOSITS

As on March 31, 2011, there were 635 fixed deposits aggregating to Rs. 278.50 lacs that have matured but remained unclaimed. There were no deposits, which were claimed but not paid by the Company. The unclaimed deposits have since fallen down to 569 deposits amounting to Rs. 221.22 lacs. Appropriate steps are being taken continuously to obtain the depositors' instructions so as to ensure renewal/ repayment of the deposits in time.

SUBSIDIARIES

The Company has two wholly owned subsidiaries viz. Shriram Equipment Finance Company Limited (SEFCL) and Shriram Automall India Limited (SAIL). These subsidiary companies are non-material Indian unlisted subsidiaries of the Company.

Shriram Equipment Finance Company Limited (SEFCL):

SEFCL is engaged in the business of hire purchase/loan financing of equipment, especially construction equipment and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Banking Finance Company (Non-Deposit Accepting) vide Certificate No. N-07-00786 dated October 8, 2010 issued by Reserve Bank of India.

For the financial year ended March 31, 2011, which is the first full financial year of operation, SEFCL has reported income from operations of Rs. 2,002.83 lacs as against none for the previous year and Profit after tax of Rs. 115.70 lacs as against loss of Rs. 1.19 lacs for the earlier year.

During the year under review, your Company subscribed to 15,000,000, 0.01 percent compulsorily convertible preference shares of Rs. 100/- each issued by SEFCL.

Shriram Automall India Limited (SAIL):

SAIL plans to set up 'Automalls', which would be a trading platform for the sale of pre-owned commercial vehicles. In these 'Automalls' to be set up by SAIL, it intends to provide showrooms for new commercial vehicles, a platform for sale of refurbished pre-owned commercial vehicles and will also facilitate sale of commercial vehicles repossessed by financing companies and for this purpose would set up touch-screen kiosks across the country, through which customers will be able to access real-time information on pre-owned vehicles available for sale. SAIL proposes that the 'Automalls' would ultimately become a one-stop shop catering to the various needs of commercial vehicle owners. SAIL opened its first 'Automall' in Chennai in the month of March 2011 and has a target of opening 50 to 60 'Automalls' in the current financial year.

For the financial year ended March 31, 2011, SAIL has reported income from operations of Rs. 6,216.27 lacs as against none for the previous year. Being the initial stages of its operations the company has incurred a loss of Rs. 1,391.51 lacs as compared to the loss of Rs. 0.55 lacs for the period ended on March 31, 2010.

During the year under review, your Company subscribed to 9,950,000 equity shares of Rs. 10/- each issued by SAIL.

In terms of the Circular No: 51/12/2007-CL-III dated February 08, 2011 of the Ministry of Corporate Affairs, Government of India, the Board of Directors of the Company at their meeting held on April 29, 2011 has, by resolution passed thereat, given their consent for not attaching the Annual Reports of the subsidiaries to the Balance Sheet of the Company. A statement on consolidated financial position of the Company

with that of the subsidiaries is attached to the Annual Report. The consolidated financial statements attached to this Annual Report are prepared in compliance with the applicable Accounting Standards and Listing Agreement.

The annual reports and the annual accounts of the subsidiaries and the related detailed information shall be made available to Shareholders of the Company and the subsidiaries seeking such information at any point of time. The annual accounts of the subsidiaries shall also be kept for inspection by shareholders at the Registered Office of the Company and of the respective subsidiaries. The Company shall furnish hard copy of details of accounts of the subsidiaries to any Shareholder on demand.

The annual accounts of the subsidiaries shall be available on the website of the Company viz. www.stfc.in and shall also be provided to the Shareholders on their written request to the Company.

SHARE CAPITAL

During the year under review, the Company allotted 642,850 fully paid up equity shares of the face value of Rs. 10/- each to its employees on exercise of stock options by them.

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

PUBLIC ISSUE OF NCDs

With a view to develop an additional channel for raising monies to fund the business operations, your Company, pursuant to the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and subject to the necessary approvals, consents and permissions, issued and allotted Secured and Unsecured Non Convertible Debentures (NCDs), through a public issue and raised a sum of Rs. 49,999.99 lacs in May 2010.

Considering the potential in raising funds through public issuance of NCDs and the extra ordinary support received from the investing public for its previous NCDs offerings, your Board, at its meeting held on April 29, 2011, has decided to offer and allot to public, subject to the aforementioned Regulations and such approvals as may be necessary, secured NCDs not exceeding Rs. 200,000 lacs.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Your Company is fully aware of the fact that as a corporate citizen, it is also entrusted with the responsibility to contribute for the betterment of the community at large and has the necessary resources at its disposal to do so. Hence, your Company endeavours to empower the under privileged and the weaker sections of the community. Your Company has been supporting several NGOs involved in educational, vocational and other charitable programmes and has continued to engage itself in social welfare activities by contributing to charitable institutions.

During the financial year ended March 31, 2011, your Company supported a variety of charitable projects and has contributed a sum of Rs. 272.06 lacs to several charitable organizations.

HUMAN CAPITAL

Your Company firmly believes that the human capital built up by it over the years is its most valuable asset and all efforts are made to empower them continuously. The broader employee ownership of its share capital has contributed to a large extent on retaining its employees and has also impacted positively on the Company's performance. Imparting of training through internal as well as external training programmes is being done continuously so as to equip them to face the new challenges in the market place.

As of March 31, 2011, the Company has 16,919 employees.

DIRECTORATE

As per Section 256 of the Companies Act, 1956, Mr. Arun Duggal, Mr. Ranvir Dewan and Mr. S. Venkatakishnan would retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. That such accounting policies as mentioned in Schedule 21.1 of the Accounts have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;



Directors' Report (Contd.)

- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Annual Accounts have been prepared on a going concern basis.

RBI GUIDELINES

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

CORPORATE GOVERNANCE

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

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

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

Further, as required under Clause 49 of the Listing Agreement, a certificate, duly signed by the Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2011, was submitted to the Board of Directors at their meeting held on April 29, 2011. The certificate is attached to the Report on Corporate Governance.

Corporate Governance - Voluntary Guidelines: The Board of Directors have taken note of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. Though these guidelines are recommendatory in nature, the Board is aware of its importance and would consider adopting the relevant provisions of these Guidelines as and when deemed appropriate.

AUDITORS

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

Clause 41(1)(h) of Listing Agreement. Members are requested to consider their re-appointment.

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

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

- a. The Company has no activity involving conservation of energy or technology absorption.
- b. The Company does not have any Foreign Exchange Earnings.
- c. Outgo under Foreign Exchange - Rs. 0.76 lacs.

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the guidance and cooperation extended by Reserve Bank of India and the other regulatory authorities. The Board takes this opportunity to express their sincere appreciation for the excellent patronage received from the Banks and Financial Institutions and for the continued enthusiasm, total commitment, dedicated efforts of the executives and employees of the Company at all levels. We are also deeply grateful for the continued confidence and faith reposed on us by the Shareholders, Depositors, Debenture holders and Debt holders.

For and on behalf of the Board of Directors

Arun Duggal
Chairman

Mumbai
April 29, 2011



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

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

Mr. R. Thyagarajan, Shriram Ownership Trust, Shriram City Union Finance Limited, Shriram Housing Finance Limited, Shriram Asset Management Company Limited, Shriram Automall India Limited, Shriram Equipment Finance Company Limited, Shriram Motor Finance, S R Real Estate Finance, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited, Shriram Chits Tamilnadu Private Limited, Shriram Chits (Maharashtra) Limited, Shriram Enterprise Holdings Private Limited, Shriram Automall Land Holdings Private Limited (formerly Shriram Projects Development Private Limited), Shriram Retail and Franchisees Private Limited (formerly DNM Consultancy Private Limited), Shriram Insight Share Brokers Limited, Shriram Wealth Advisors Limited, Insight Commodities

& Futures Private Limited, Shriram Fortune Solutions Limited, Shriram Value Services Private Limited, Shriram Marketing Agencies (Chennai) Private Limited, Shriram Capital Limited, Shriram Holdings (Madras) Private Limited, Shriram Credit Company Limited, Shriram Retail Holdings Private Limited, Shriram Life Insurance Company Limited, Shriram General Insurance Company Limited, Shriram Investment Holdings Limited, Bharat Re-Insurance Brokers Private Limited, Shriram Infrastructure Holdings Private Limited, Shriram Enterprises Trust, Shriram Entrepreneurial Ventures Limited, Shriram Overseas Investments Private Limited (formerly Dhanashri Investments Private Limited), Shriram Financial Ventures (Chennai) Private Limited, Shriram Financial Products Solutions (Chennai) Private Limited and any other Company, firm or trust promoted or controlled by the above.

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



Directors' Report (Contd.)

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED
DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA
(Employee stock option scheme and employee stock purchase scheme) guidelines, 1999

ANNEXURE TO THE DIRECTORS' REPORT, 2010-11

Particulars	Shriram Transport Finance Company Limited Employees Stock Option Scheme 2005					
a. Options granted	4,941,000 equity shares of Rs. 10 each					
b. The pricing formula	Rs. 35 per Option					
c. Options vested	3,823,950					
d. Options exercised (as at March 31, 2011)	3,600,650					
e. The total number of shares arising as a result of exercise of Options	3,600,650 equity shares of Rs. 10 each					
f. Options lapsed (as at March 31, 2011)	1,004,700					
g. Variations of terms of Options	Nil					
h. Money realised by exercise of Options	Rs. 126,030,205					
i. Total number of Options in force (as at March 31, 2011)	335,650					
j. Directors and Employees to whom options were granted during the year:						
i) Director(s) including Managing Director and Senior Management personnel	None					
ii) Any other employee who received a grant of Options amounting to 5 percent or more of Options granted	None					
iii) Identified employees who were granted Options equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None					
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	Rs. 54.41					
i) Methods of calculation of employee compensation cost	Intrinsic Value Method					
ii) Difference between the employee compensation cost so computed at i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Employee Compensation Cost As per intrinsic value method – Rs.116.85 lacs As per fair value method using Black Scholes Model - Rs. 116.64 lacs Difference in cost is Rs. 0.21 lacs					
iii) The impact of this difference on Profits and on EPS of the Company	Impact on Profits and EPS Amortisation for the Financial Year 10-11 As per intrinsic value method – Rs.116.85 lacs As per fair value method using Black Scholes Model - Rs.116.64 lacs Impact on profit - Rs. 0.21 lacs Impact on diluted EPS – Re. 0.08					
l.	Series I	Series II	Series III	Series IV	Series V	Series VI
Weighted average exercise price	Rs. 35.00	Rs. 35.00	Rs. 35.00	Rs. 35.00	Rs. 35.00	Rs. 35.00
Weighted average fair value	Rs. 59.04	Rs. 91.75	Rs. 74.85	Rs. 136.40	Rs. 253.90	Rs. 201.45
m. Fair Value of Option based on Black Scholes methodology						
Series I	Yr 1	Yr 2	Yr 3	Yr 4		
Expected Volatility (%)	38.44	38.44	38.44	38.44		
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50		
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00		
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73		
Expected dividend rate (%)	2.31	2.31	2.31	2.31		
Expected life of Options	7.09 years					
Grant date	October 31, 2005					
Closing market price of share on date of Option grant	Rs. 93.30					

m. Fair Value of Option based on Black Scholes methodology (Contd.)				
Series II	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	19.89	19.89	19.89	19.89
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52
Expected life of Options	7.49 years			
Grant date	April 1, 2006			
Closing market price of share on date of Option grant	Rs. 130.10			
Series III	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	31.85	31.85	31.85	31.85
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52
Expected life of Options	8.02 years			
Grant date	October 9, 2006			
Closing market price of share on date of Option grant	Rs. 111.25			
Series IV	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	41.51	41.51	41.51	41.51
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89
Expected life of Options	8.89 years			
Grant date	August 17, 2007			
Closing market price of share on date of Option grant	Rs. 168.05			
Series V	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	69.22	69.22	69.22	69.22
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	9.41	9.36	9.34	9.36
Expected dividend rate (%)	1.63	1.63	1.63	1.63
Expected life of Options	9.78 years			
Grant date	July 15, 2008			
Closing market price of share on date of Option grant	Rs. 294.50			
Series VI	Yr 1	Yr 2	Yr 3	Yr 4
Expected Volatility (%)	64.80	64.80	64.80	64.80
Life of the Options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96
Expected life of Options	10.61 years			
Grant date	May 13, 2009			
Closing market price of share on date of Option grant	Rs. 245.25			



Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

- a. Enhancing long term Shareholder value through
 - Assisting the top management in taking sound business decisions; and
 - Prudent financial management.
- b. Achieving transparency and professionalism in all decisions and activities of the Company.
- c. Achieving excellence in Corporate Governance by
 - Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
 - Reviewing periodically the existing systems and controls for further improvements.

BOARD OF DIRECTORS

Composition

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

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

During the year under review, five meetings of the Board of Directors were held on April 29, 2010, June 15, 2010, July 22, 2010, October 27, 2010, and January 31, 2011. The maximum gap between any two meetings was not more than four months. The Thirty First Annual General Meeting was held on June 15, 2010.

As mandated by Clause 49, as of March 31, 2011, none of the Directors is a member of more than ten Board level Committees and no such Director is a Chairman of more than five Committees of the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

As of March 31, 2011, the Company's Board comprised of ten members. The Chairman of the Board is non-executive Director. The Managing Director is an Executive of the Company.

The agenda papers along with the explanatory notes for Board Meetings are sent in advance to the Directors. In some instances, documents are tabled at the meetings and presentations are also made by the respective executives on the matters related to them at the Board or Committee Meetings.

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

Composition of Board

Name of the Director and Category of Directorship	No. of Board Meetings attended	Whether attended the last AGM	Total No. of Directorships	Total no. of Memberships of the Committees of Board		Total no. of Chairmanships of the Committees of Board	
				Memberships in Audit / Investor Grievance Committees	Memberships in other Committees	Chairmanships in Audit / Investor Grievance Committees	Chairmanships in other Committees
Mr. Arun Duggal Chairman-Non Executive Non- Independent	4	Yes	19	3	8	3	1
Mr. R. Sridhar Managing Director-Executive	5	Yes	4	1	-	-	1
Mr. M. S. Verma Non Executive-Independent	4	Yes	7	3	1	2	3
Mr. S. M. Bafna Non Executive-Independent	2	No	12	-	-	-	-
Mr. M. M. Chitale Non Executive-Independent	5	Yes	10	4	1	5	-
Mr. Adit Jain Non Executive-Independent	3	No	7	1	-	1	-
Mr. S. Lakshminarayanan Non Executive-Independent	5	Yes	5	-	-	-	-
Mr. Puneet Bhatia Non Executive-Nominee of Newbridge India Investments II Ltd.	4	No	2	-	-	-	-
Mr. Ranvir Dewan Non Executive-Nominee of Newbridge India Investments II Ltd.	3	Yes	2	2	2	-	-
Mr. S. Venkatakrishnan Non Executive	5	Yes	17	3	-	1	3

Notes:

1. While considering the total number of directorships of Directors, their directorships in private companies, Section 25 companies and foreign companies, if any, have been included and their directorship in the Company has been excluded.
2. The memberships and chairmanships of Directors in committees do not include their memberships and chairmanships in the Company.
3. The memberships and chairmanships of Directors in committees include their memberships and chairmanships in the wholly owned Subsidiaries of the Company.

Policy for prohibition of Insider Trading: In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code for Prohibition of Insider Trading for Directors/Officers and Designated employees of the Company, relating to dealings by them in the securities of the Company.

The Code also provides for periodical disclosures from Directors/Officers and Designated employees as well as pre-clearance of transactions by such persons.



Report on Corporate Governance (Contd.)

AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Terms of Reference

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

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and Annual Financial Statements.
- To recommend appointment, re-appointment of Auditors and the fixing of their remuneration. Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the Financial Statements before submission to the Board.
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacies of the internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Discussing with Internal Auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal examinations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- To discuss with the management, the senior Internal Audit executives and the Statutory Auditor/s the Company's major risk exposures and guidelines and policies to govern the processes by which risk assessment and risk management is undertaken by the Company, including discussing the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposures and from time to time conferring with another Committee/s of the Board about risk exposures and policies within the scope of such other Committee's oversight.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
- To review the functioning of the Whistle Blower Mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year under review, four meetings were held on April 29, 2010, July 21, 2010, October 27, 2010 and January 30, 2011.

The necessary quorum was present for all the meetings.

Composition

Name of the Member	Category	No. of Meetings Attended
Mr. M. S. Verma – Chairman	Non Executive - Independent	3
Mr. Puneet Bhatia	Non Executive - Nominee of Newbridge India Investments II Ltd.	4
Mr. M. M. Chitale	Non Executive - Independent	4
Mr. S. M. Bafna	Non Executive - Independent	3

The Company Secretary acts as the Secretary for the Audit Committee. The Statutory Auditors, Internal Auditor, the Managing Director and the Chief Financial Officer of the Company attend and participate in the meetings of the Audit Committee.



REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration Committee comprising of non-executive Independent Director's, constitution of which is a non-mandatory requirement, was constituted by the Board.

Terms of Reference

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

Executive Remuneration

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

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

Remuneration policy of the Company

For Managing Director

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

The Shareholders at their 31st Annual General Meeting held on June 15, 2010 appointed Mr. R. Sridhar as the Managing Director of the Company for a period of 5 years commencing from September 15, 2010 to September 14, 2015.

Remuneration paid to the Managing Director for the financial year 2010 - 2011 is given elsewhere in this Report.

For Non Executive Independent Directors

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

- Board meeting - Rs. 20,000/-
- Committee meeting - Rs. 15,000/-

Employees Stock Option Scheme (ESOS)

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

The Committee's responsibility also covers establishment of guidelines for and approval of the grant of stock options to Key Employees, Officers and Directors of the Company, including determination of the number of shares to be covered by each option, whether the option will be an incentive stock option or otherwise, and the vesting schedule for such Options.

During the year under review, three meetings of the Committee were held on April 29, 2010, July 22, 2010 and October 27, 2010.

The necessary quorum was present for all the meetings.

Composition

Name of the Member	Category	No. of Meetings Attended
Mr. Adit Jain - Chairman	Non Executive - Independent	2
Mr. Puneet Bhatia	Non Executive - Nominee of Newbridge India Investments II Ltd.	3
Mr. M. M. Chitale	Non Executive - Independent	3
Mr. S. M. Bafna	Non Executive - Independent	2



Report on Corporate Governance (Contd.)

The details of sitting fees/remuneration paid to the Directors during the year 2010 - 11 are as under:

Name of the Director	Sitting Fees for attending Meetings (Rs.)	Salary, Perquisites & ESOS (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Arun Duggal, Chairman	-	-	-	-
Mr. R. Sridhar - Managing Director	-	6,790,134	-	6,790,134
Mr. M. S. Verma	125,000	-	-	125,000
Mr. S. M. Bafna	310,000	-	-	310,000
Mr. M. M. Chitale	250,000	-	-	250,000
Mr. Adit Jain	90,000	-	-	90,000
Mr. S. Lakshminarayanan	115,000	-	-	115,000
Mr. Puneet Bhatia	-	-	-	-
Mr. Ranvir Dewan	-	-	-	-
Mr. S. Venkatakrishnan	-	-	-	-

Notes:

Mr. R. Sridhar was appointed as the Managing Director of the Company for a period of 5 years with effect from September 15, 2010 by the Shareholders at their 31st Annual General Meeting held on June 15, 2010. His remuneration includes salary and incentive of Rs. 4,700,000/- p.a, Perquisites of Rs. 710,958/- contribution to Provident Fund of Rs. 9,360/- and applicable discount of Rs. 1,369,816 on Stock Options. The appointment may be terminated by giving three months notice in writing or salary in lieu thereof. No severance fees are payable on termination of employment.

Details of Shares / Warrants held by the Directors as on March 31, 2011, are as below:

Name of the Director	Share / Warrant holdings
Mr. Arun Duggal, Chairman	-
Mr. R. Sridhar, Managing Director	108,280 shares
Mr. M. S. Verma	-
Mr. S. M. Bafna	1,200 shares
Mr. M. M. Chitale	-
Mr. Adit Jain	-
Mr. S. Lakshminarayanan	-
Mr. Puneet Bhatia	-
Mr. Ranvir Dewan	-
Mr. S. Venkatakrishnan	4,448 shares

The Stock Options granted to the Managing Director is given in the Annexure to the Directors' Report.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Terms of reference

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

The Committee in particular looks into:

- The listing of securities on stock exchanges.
- 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.

- The matters that can facilitate better investor services and relations.
- Attending to investors' queries and complaints regarding transfer, dividend, annual reports, etc.
- Attending to complaints of investors routed by SEBI/ Stock Exchanges/RBI.
- The amounts transferable to Investor Education and Protection Fund.
- The profile of investors.
- Taking decisions in connection with issue of global depository receipts, and
- The secretarial audits.

During the year, the Committee met four times on. April 29, 2010, July 22, 2010, October 27, 2010 and January 31, 2011. The necessary quorum was present for all the meetings.

Composition

Name of the Member	Category	No. of Meetings Attended
Mr. S. Lakshminarayanan - Chairman @	Non Executive - Independent	1
Mr. R. Sridhar	Managing Director - Executive	4
Mr. M. M. Chitale #	Non Executive - Independent	3

Notes:

@ Mr. S. Lakshminarayanan was inducted as a member and the Chairman of the Committee by the Board of Directors at its meeting held on January 31, 2011.

Mr. M. M. Chitale resigned as Chairman and member of the committee w.e.f. January 31, 2011.

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

Shareholder/Investor Complaints:

Status of Complaints on equity shares	No. of Complaints
Complaints pending as on April 01, 2010	NIL
Complaints received during the period April 01, 2010 to March 31, 2011	10
Complaints identified and reported under Clause 41 of the Listing Agreement	10
Complaints disposed off during the year ended March 31, 2011	10
Complaints unresolved as of March 31, 2011	NIL

These complaints have been attended on time and none of the complaints were pending for a period exceeding 30 days. Mr. K. Prakash, Vice President (Corporate Affairs) & Company Secretary, is the Compliance Officer.

BANKING AND FINANCE COMMITTEE

Terms of Reference

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

During the year under review, the Committee met 22 times.

The necessary quorum was present for all the meetings.

Composition

Name of the Member	Category	No. of Meetings Attended
Mr. R. Sridhar - Chairman	Managing Director-Executive	21
Mr. Parag Sharma	Member	22
Mr. Vinay Kelkar	Member	22

ASSET LIABILITY MANAGEMENT COMMITTEE

Terms of reference

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

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

During the year under review, the Committee met four times on May 18, 2010, August 19, 2010, October 27, 2010 and February 3, 2011.

The necessary quorum was present for all the meetings.

Composition

Name of the Member	Category	No. of Meetings Attended
Mr. R. Sridhar - Chairman	Managing Director - Executive	4
Mr. Ranvir Dewan	Non Executive - Nominee of Newbridge India Investments II Ltd.	2
Mr. Parag Sharma	Member	4

GENERAL BODY MEETINGS

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

Year	AGM	Location	Date & Time
2007-08	29th AGM	Sri Krishna Gana Sabha, No.20, Maharajapuram, Santhanam Salai (Griffith Road), T Nagar, Chennai - 600 017.	July 31, 2008 3:00 P.M.
2008-09	30th AGM	Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai - 600 018	July 24, 2009 4:00 P.M.
2009-10	31st AGM	Narada Gana Sabha (Main Hall), No.314, TTK Road, Alwarpet, Chennai - 600 018	June 15, 2010. 11.00 A.M.

- At the 29th AGM held on July 31, 2008, a special resolution was passed for obtaining the approval of Shareholders for alteration of the Articles of Association of the Company for bringing therein the rights, privileges and obligations of Private Equity Investors, consequent to the preferential allotment made on December 14, 2007. The resolution was put to vote by show of hands and it was passed unanimously.
- At the 30th AGM held on July 24, 2009, special resolution was passed whereby Article 36 of the Articles of Association of the Company relating to use of Common Seal was modified.



Report on Corporate Governance (Contd.)

- c. At the 31st AGM held on June 15, 2010, no special resolution was passed.
- d. Postal Ballot - During the year 2010-11 no resolution was passed through Postal Ballot.
- e. At the ensuing Annual General Meeting to be held on June 24, 2011, no special resolution is proposed for passing through Postal Ballot. However, a special resolution altering the Articles of Association is proposed for consideration of the Shareholders at the ensuing Annual General Meeting. The special resolution is proposed so as to delete from the Articles of Association of the Company, the Articles relating to the rights, privileges and obligations of Private Equity Investors who have disposed of their holdings in the Company, and hence, do not enjoy any rights under their respective shareholders' agreement executed by them with the Company.

SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries by name Shriram Equipment Finance Company Limited (SEFCL) and Shriram Automall India Limited (SAIL). These subsidiary companies are non-material unlisted Indian subsidiaries of the Company.

Mr. M. S. Verma and Mr. S. Lakshminarayanan, Independent Directors of the Company, are Directors on the Board of Directors of SEFCL and SAIL respectively.

The Audit Committee of the Company regularly reviews the financial statements, in particular, the investments, if any, made by the subsidiary companies. Besides, the minutes of the board meetings of the subsidiaries are placed at the Board meeting of the Company periodically. There are no significant transactions and arrangements entered into by the subsidiary companies during the financial year ended March 31, 2011 requiring it to be brought to the attention of the Board of Directors of the Company.

The disclosures in terms of Clause 32 of the Listing Agreement relating to Loans and advances in the nature of loans to subsidiaries are given in the Annual Report of the Company.

SEFCL

SEFCL is engaged in equipment financing business and was incorporated on December 15, 2009. It has been registered as a Non-Deposit Taking NBFC vide certificate dated October 08, 2010 issued by Reserve Bank of India under Section 45 IA (4) of Reserve Bank of India Act, 1934.

Board of Directors of SEFCL:

The composition of the Board of Directors of SEFCL is as follows.

1. Mr. M. S. Verma - Chairman
2. Mr. R. Sridhar
3. Mr. G. S. Sundararajan, and
4. Mr. Amol Jain

Capital Structure of SEFCL

The Capital Structure of SEFCL as on March 31, 2011 is as follows:

Particulars	As at 31/03/2011	As at 31/03/2010
	Rs.	Rs.
Authorised Capital		
100,000,000 (March 31, 2010 : 3,000,000) Equity Shares of Rs. 10/- each	1,000,000,000	30,000,000
15,000,000 (March 31, 2010 : NIL) Compulsorily Convertible Preference Shares of Rs. 100/- each	1,500,000,000	-
	2,500,000,000	30,000,000
Issued, Subscribed and Fully Paid up Capital		
10,000,000 (March 31, 2010 : 2,100,000) Equity Shares of Rs. 10/- each	100,000,000	21,000,000
15,000,000 (March 31, 2010 : Nil) Compulsorily Convertible Preference Shares of Rs. 100/- each	1,500,000,000	-
	1,600,000,000	21,000,000

SAIL

SAIL intends to provide a trading platform for the sale of pre-owned commercial vehicles, showrooms for branded new and refurbished pre-owned commercial vehicles, as well as commercial vehicles repossessed by financing companies. It also intends to provide electronic advertising and trading infrastructure in these "Automalls".



Board of Directors of SAIL

1. Mr. S. Lakshminarayanan, Chairman
2. Mr. Umesh Revankar
3. Mr. D.V. Ravi and,
4. Mr. Gaurav Trehan

Capital Structure of SAIL

The Capital Structure of SAIL as on March 31, 2011 is as follows:

Particulars	As at 31/03/2011	As at 31/03/2010
	Rs.	Rs.
Authorised Capital		
150,00,000 (March 31, 2010 : 50,000) Equity Shares of Rs. 10/- each	150,000,000	500,000
	150,000,000	500,000
Issued, Subscribed and Fully Paid up capital		
10,000,000 (March 31, 2010 : 50,000) Equity Shares of Rs. 10/- each	100,000,000	500,000
	100,000,000	500,000

In terms of the Circular No: 51/12/2007-CL-III dated February 08, 2011 of the Ministry of Corporate Affairs, Government of India, the Board of Directors of the Company at their meeting held on April 29, 2011 has by resolution given their consent for not attaching the Annual Reports of the subsidiaries to the Balance Sheet of the Company. The Consolidated financial statements of the Company with that of the subsidiaries duly audited by the Company's statutory auditors are presented elsewhere in the Annual Report. The consolidated financial statements attached to this Annual Report are prepared in compliance with the applicable Accounting Standards and Listing Agreement.

The annual reports and the annual accounts of the subsidiaries and the related detailed information shall be made available to Shareholders of the Company and the subsidiaries seeking such information at any point of time. The annual accounts of the subsidiaries shall also be kept for inspection by any Shareholders at the Registered Office of the Company and of the respective subsidiaries. The Company shall furnish hard copy of details of accounts of the subsidiaries to any Shareholder on demand.

Further, the annual accounts of the subsidiaries shall be available on the website of the Company viz. www.stfc.in and shall also be provided to the Shareholders on their written request to the Company.

DISCLOSURES

There are no materially significant related party transactions with the Company's Promoters, Directors, Key Managerial

Personnel or their relatives, which may have potential conflict with the interest of the Company at large.

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

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

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

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

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



Report on Corporate Governance (Contd.)

- a. The Company has set up a Remuneration Committee. Please see para on Remuneration and Compensation Committee for details.
- b. The Company has adopted the Whistle Blower Policy.

Capital Audit

The capital audit as required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 read with SEBI Circular No. D&CC/FITTC/Cir-16/2002 dated 31/12/2002 and SEBI Circular No. CIR/MRD/DP/30/2010, a Qualified Practicing Company Secretary carries out Capital Audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors.

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

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

MEANS OF COMMUNICATION

The audited financial results, the quarterly results and half-yearly results of the Company are published in English (The Economic Times) and Tamil newspapers (Makkal Kural). They are also available on the Company's website: www.stfc.in. Press release are also given in the leading newspapers and also posted on Company's website.

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

32nd Annual General Meeting

a.	Date and Time	June 24, 2011 at 11.00 A.M
b.	Venue	Sri Thyaga Brahma Gana Sabha, 'Vani Mahal', 103, G.N Road, T. Nagar, Chennai – 600 017.
c.	Book Closure Date	June 14, 2011 to June 24, 2011 (both days inclusive)
d.	Dividend	An Interim Dividend of 25% was declared by the Board of Directors at its meeting held on October 27, 2010 and the payments thereof were effected on November 22, 2010. The payment of final dividend, upon declaration by the Shareholders at the Annual General Meeting, will be made on or after June 28, 2011.
e.	Financial Calendar	2011 - 2012
	Annual General Meeting	September 2012
	Unaudited results for the quarter ending June 30, 2011	Last week of July 2011
	Unaudited results for the quarter/ half - year ending September 30, 2011	Last week of October 2011
	Unaudited results for the quarter ending December 31, 2011	Last week of January 2012
	Audited results for the year ending March 31, 2012	May 2012
f.	Stock Code	
	Trading Symbol at Madras Stock Exchange Limited (MSE)	SRIRAMTRAN
	Bombay Stock Exchange Limited (BSE)	511218
	National Stock Exchange of India Limited (NSE)	SRTRANSFIN
	Demat ISIN in NSDL & CDSL	INE721A01013



The Company has paid the listing fees for the financial year 2011-12 to the above stock exchanges.

As there are no trades being reported in MSE since February 2000, the Company has on January 14, 2011 made an application to MSE for delisting its equity shares from MSE and the delisting process is in progress. The listing of the Company's shares in National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) will, however, continue.

The Company's Non-Convertible Debentures (NCDs) of face value of Rs.1000/- each offered for subscription to public under the Prospectus dated July 16, 2009 and May 06, 2010 are listed on NSE and BSE. The ISIN details for these NCDs are as under:

Security Description	ISIN	Codes in Stock Exchanges	Coupon Rate (%) p.a.	Senior Citizen	Coupon Duration & Interest Payable	Date of Allotment	Maturity Dates	Put & Call option
NCDs- 2009								
Secured NCDs (Option I)	INE721A07952	BSE - 934785 NSE - N1	11.00% (*)	Note: (*)	SEMI-ANNUAL	27/08/2009	26/08/2014	NA
Secured NCDs (Option II)	INE721A07960	BSE - 934786 NSE - N2	11.25% (*)	Note: (*)	ANNUAL	27/08/2009	26/08/2014	NA
Secured NCDs (Option III)	INE721A07978	BSE - 934787 NSE - N3	11.03% to be compounded quarterly	NA	CUMULATIVE : COMPOUNDED QUARTERLY	27/08/2009	26/08/2014	Note :(#)
Secured NCDs (Option IV)	INE721A07986	BSE - 934788 NSE - N4	11.00%	NA	ANNUAL	27/08/2009	26/08/2014	Note :(#)
Secured NCDs (Option V)	INE721A07994	BSE - 934789 NSE - N5	10.75%	NA	ANNUAL	27/08/2009	26/08/2012	NA
NCDs- 2010								
Secured NCDs (Option I) (Reserved Individuals)	INE721A07AL7	BSE - 934793 NSE - N6	9.75% (*)	Note: (*)	ANNUAL	02/06/2010	01/06/2015	Note: (@)
Secured NCDs (Option I) (Unreserved Individuals)	INE721A07AK9	BSE - 934794 NSE - N7	9.50%	NA	ANNUAL	02/06/2010	01/06/2015	Note: (@)
Secured NCDs (Option I) (Others)	INE721A07AJ1	BSE - 934795 NSE - N8	9.00%	NA	ANNUAL	02/06/2010	01/06/2015	Note: (@)
Secured NCDs (Option II) (Reserved Individuals)	INE721A07AO1	BSE - 934796 NSE - N9	10.25% (*)	Note: (*)	SEMI-ANNUAL	02/06/2010	01/06/2017	Note - (\$)
Secured NCDs (Option II) (Unreserved Individuals)	INE721A07AN3	BSE - 934797 NSE - NA	10.00%	NA	SEMI-ANNUAL	02/06/2010	01/06/2017	Note - (\$)
Secured NCDs (Option II) (Others)	INE721A07AM5	BSE - 934798 NSE - NB	9.50%	NA	SEMI-ANNUAL	02/06/2010	01/06/2017	Note - (\$)
Secured NCDs (Option III) (Reserved Individuals)	INE721A07AR4	BSE - 934799 NSE - NC	10.50% (*)	Note: (*)	ANNUAL	02/06/2010	01/06/2015	NA
Secured NCDs (Option III) (Unreserved Individuals)	INE721A07AQ6	BSE - 934800 NSE - ND	10.25%	NA	ANNUAL	02/06/2010	01/06/2015	NA
Secured NCDs (Option III) (Others)	INE721A07AP8	BSE - 934801 NSE - NE	9.75%	NA	ANNUAL	02/06/2010	01/06/2015	NA
Unsecured double bond NCDs (Option IV) reserved Individuals)	INE721A08984	BSE - 934802 NSE - NF	NA	NA	NA	02/06/2010	01/12/2016	NA



Report on Corporate Governance (Contd.)

Security Description	ISIN	Codes in Stock Exchanges	Coupon Rate (%) p.a.	Senior Citizen	Coupon Duration & Interest Payable	Date of Allotment	Maturity Dates	Put & Call option
Unsecured double bond NCDs (Option IV) (Unreserved Individuals)	INE721A08976	BSE - 934803 NSE - NG	NA	NA	NA	02/06/2010	01/03/2017	NA
Unsecured double bond NCDs (Option IV) (Others)	INE721A08968	BSE - 934804 NSE - NH	NA	NA	NA	02/06/2010	01/06/2017	NA
Unsecured NCDs (Option V) (Reserved Individuals)	INE721A08AC4	BSE - 934805 NSE - NI	11.00%	NA	ANNUAL	02/06/2010	01/06/2017	NA
Unsecured NCDs (Option V) (Unreserved Individuals)	INE721A08AB6	BSE - 934806 NSE - NJ	10.75%	NA	ANNUAL	02/06/2010	01/06/2017	NA
Unsecured NCDs (Option V) (Others)	INE721A08AA8	BSE - 934807 NSE - NK	10.25%	NA	ANNUAL	02/06/2010	01/06/2017	NA

Notes:

- (*) - Senior Citizens (First Allottee) are entitled to an additional interest at the rate of 0.25 % per annum.
- (#) - Put / Call option after 26-Aug-2013
- (@) - Put / Call option from 02-June- 2013
- (\$)- Put / Call option from 02-June-2015
- NA - Not Applicable

Pursuant to Section 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividends up to financial year 2002-03 and the interim dividend of 2003-04, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the said Fund or the Company for the amounts so transferred nor shall any payment to be made in respect of such claim. Members who have not yet encashed their dividend warrant(s) for the financial years from 2003-04 (final dividend) and thereafter are requested to make their claims without any delay to the Company's Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited.

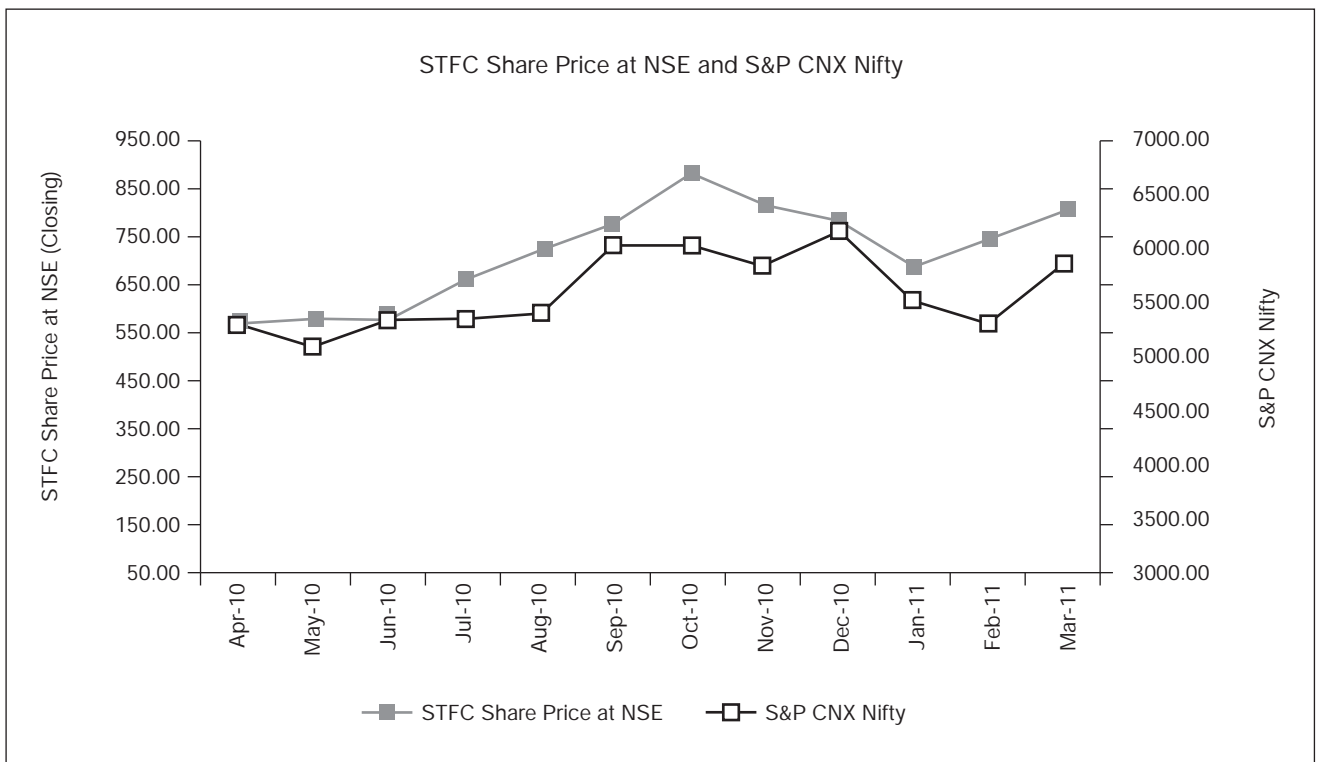
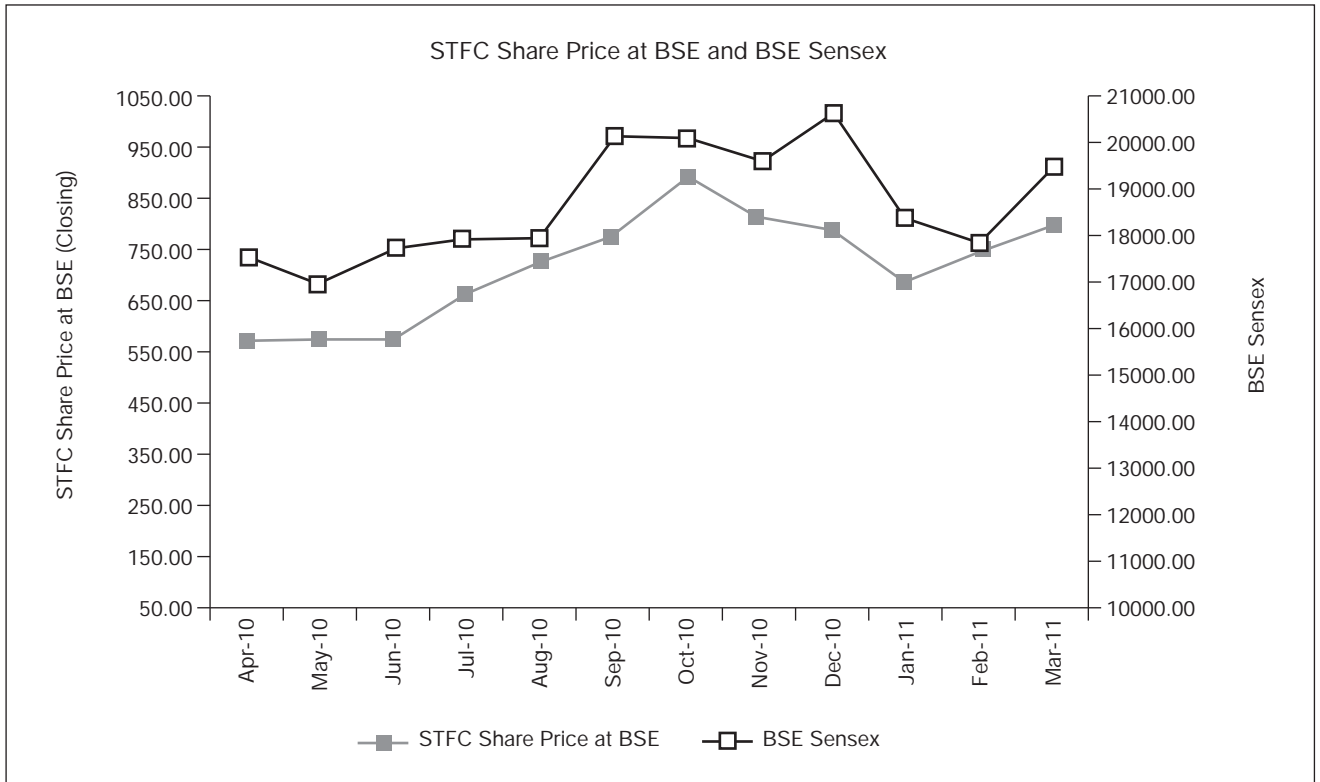
g. Stock Market Data

The high and low market price and volume of shares traded during each month of the financial year ended March 31, 2011, are given below:

Months	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	Share Prices		Volume	Share Prices		Volume
	High (Rs.)	Low (Rs.)		High (Rs.)	Low (Rs.)	
April 10	585.00	500.00	2,449,063	576.00	508.00	5,611,768
May 10	613.60	518.10	1,663,321	645.00	525.00	8,033,095
June 10	605.10	550.00	661,120	605.00	550.00	4,762,347
July 10	674.30	571.20	1,007,004	671.90	573.00	5,494,375
August 10	798.25	654.00	1,610,359	797.75	655.10	12,217,862
September 10	809.20	718.50	1,259,188	809.00	718.10	9,181,274
October 10	886.45	752.05	1,689,754	887.00	750.00	9,815,364
November 10	899.90	749.95	1,148,606	898.95	750.00	7,930,350
December 10	868.55	689.00	768,095	869.00	685.10	10,234,445
January 11	805.00	662.45	488,225	802.65	662.00	5,759,384
February 11	769.90	651.25	920,079	775.00	650.00	7,501,542
March 11	821.75	712.45	696,741	822.40	710.00	7,597,479



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





Report on Corporate Governance (Contd.)

i. Registrar and Share Transfer Agents

The Registrar and Share Transfer Agents of the Company are:

Integrated Enterprises (India) Limited

2nd Floor, Kences Towers, No. 1, Ramakrishna Street North Usman Road, T Nagar, Chennai - 600 017

Ph: 91 - 44 - 2814 0801 - 03 Fax No: 91 - 44 - 2814 2479, Email: corpseiv@iepindia.com

j. Share Transfer System:

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

k. Distribution of shareholdings as on March 31, 2011

No. of Equity Shares	No of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	33313	80.10	53,966,48	2.39
501 - 1000	5040	12.12	3,755,391	1.66
1001 - 2000	1640	3.94	2,351,858	1.04
2001 - 3000	523	1.26	1,314,622	0.58
3001 - 4000	221	0.53	780,225	0.34
4001 - 5000	181	0.44	825,082	0.36
5001 - 10000	257	0.61	1,792,070	0.79
10001 and above	414	1.00	209,944,772	92.84
Total	41589	100	226,160,668	100

l. Categories of shareholders as on March 31, 2011

Category of Shareholders	No. of Shares held	% of Shareholding
Promoters and Promoter Group	93,371,512	41.29
Mutual Funds / UTI	6,428,838	2.84
Financial Institutions / Banks	205,335	0.09
Foreign Institutional Investors	91,931,912	40.65
Bodies Corporate	14,711,690	6.50
Individuals	18,729,367	8.29
NRI's / OCB's/ Foreign National	318,441	0.14
Trust	235,511	0.10
Clearing Members	228,062	0.10
Grand Total	226,160,668	100

m. Dematerialization of shares and liquidity

The Company's scrip forms part of the compulsory Demat segment for all investors effective from July 24, 2000. To facilitate the investors in having an easy access to the demat system, the Company has signed up with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through Integrated Enterprises (India) Limited. As on March 31, 2011, the total of 218771201 equity shares constituting 96.73 % of the paid up capital, have been dematerialised.

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

o. Address for correspondence & Registered Office:

Registered Office:

Mookambika Complex, 3rd Floor,
No.4, Lady Desika Road, Mylapore, Chennai – 600 004,
Tamil Nadu, India.

Tel.: 91-44-24990356, Fax: 91-44-24993272

Head Office:

Wockhardt Towers, Level-3, West Wing, C-2, G-Block,
Bandra-Kurla Complex, Bandra - (East),
Mumbai - 400 051. Phone: 91 - 22 - 40959595,
Fax: 91 - 22 - 40959596/97, Website: www.stfc.in

Email ID for Investor Grievance:

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

p. Locations

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



DETAILS PURSUANT TO CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING REAPPOINTMENT

Mr. Arun Duggal

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 on the Board of Directors of Jubilant Energy, Netherlands (Chairman Audit Committee), Patni Computers, Fidelity Fund Management, Ecron Acunova, Zuari Industries, Info Edge (Chairman Audit Committee), Dish TV, Mundra Port, Mortice Limited (Singapore) (Chairman of Audit Committee), Shriram City Union Finance Limited, Shriram Capital Limited and others. He is also a member of the Investment Committee of Axis Private Equity. He had a distinguished career with Bank of America for 26 years in the US, Hong Kong, Japan, Philippines, etc. He was the Chief Executive of Bank of America in India from 1998 to 2001.

Currently, he is a visiting faculty at the Indian Institute of Management, Ahmedabad teaching Venture Capital.

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 member of the Institute of Chartered Accountants in England & Wales (FCA) and a member of the Canadian Institute of Chartered Accountants (CA). 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. In his previous assignment, he was Vice President and Regional Financial Controller of Citibank's Global Consumer Bank with responsibilities covering 11 countries in the Asia Pacific region. He has also held senior positions with KPMG in Canada and England where he specialised in the audits of financial institutions.

Mr. Dewan serves on the Boards of Shriram City Union Finance in Chennai, India and PT Bank Tabunean Pensiunan Nasional Tbp ("BTPN") in Jakarta, Indonesia and is a member of the Audit and Risk Committees of Bank BTPN. Mr. Dewan is an advisor of Taishin Financial Holdings (the 9th largest financial holding company in Taiwan).

Mr. S. Venkatakishnan

Mr. S. Venkatakishnan is a non-executive Director on our Board. Mr. Venkatakishnan is a post graduate in Mathematics from Madras University. Mr. Venkatakishnan 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.



Report on Corporate Governance (Contd.)

CEO/CFO CERTIFICATION

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

- a. We have reviewed financial statements and the cash flow statements for the year ended March 31, 2011 and that to the best of our knowledge and belief;
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have disclosed, based on our evaluation wherever applicable, to the Auditors and the Audit Committee that;
 - i. There were no material deficiencies in internal controls over financial reporting during the year;
 - ii. All the significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statements; and
 - iii. There were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

R. SRIDHAR

Managing Director

Mumbai

April 29, 2011

PARAG SHARMA

Chief Financial Officer

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

The Board of Directors of Shriram Transport Finance Company Limited at its Meeting held on January 5, 2005 adopted Code of Conduct as amended on October 27, 2010 to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed.

As provided under Clause 49 of the Listing Agreement executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2011.

Mumbai

April 29, 2011

R. SRIDHAR

Managing Director



Certificate on Corporate Governance

To

The Members of Shriram Transport Finance Company Limited,

We S. R. Batliboi & Co. ("SRB") and G. D. Apte & Co. ("GDA") have jointly examined the compliance of conditions of Corporate Governance by Shriram Transport Finance Company Limited ('the Company'), for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For **S.R. BATLIBOI & CO.**

Firm Registration No: 301003E

Chartered Accountants

per **Shrawan Jalan**

Partner

Membership No.:102102

Mumbai

April 29, 2011

For **G. D. APTE & CO.**

Firm Registration No: 100515W

Chartered Accountants

C. M. Dixit

Partner

Membership No.: 17532

Mumbai

April 29, 2011

Financial Section



Auditors' Report

To,

The Members of
Shriram Transport Finance Company Limited

1. We S. R. Batliboi & Co. ("SRB") and G. D. Apte & Co. ("GDA") have jointly audited the attached Balance Sheet of Shriram Transport Finance Company Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & Co.

Firm Registration No:- 301003E

Chartered Accountants

per Shrawan Jalan

Partner

Membership No.:102102

Mumbai

April 29, 2011

For G. D. Apte & Co.

Firm Registration No:- 100515W

Chartered Accountants

C. M. Dixit

Partner

Membership No.: 17532

Mumbai

April 29, 2011



Annexure referred to in paragraph 3 of our report of even date

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

- | | |
|---|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(c) There was no substantial disposal of fixed assets during the year.</p> <p>(ii) The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of giving loans and does not maintain any inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.</p> <p>(iii) (a) The Company has granted loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 334.26 lacs and the year- end balance of loans granted to such parties was Rs. 111.99 lacs.</p> <p>(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.</p> <p>(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.</p> <p>(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.</p> <p>(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore provision of clause iii(f) and iii(g) are not applicable to the Company.</p> <p>(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question on commenting on whether there is a continuing failure to</p> | <p>correct major weakness in the internal control system of the company does not arise.</p> <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.</p> <p>(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to customs duty and excise duty are not applicable to the Company</p> <p>Further, Section 441A of the Act has not been notified by the Central Government of India upto the reporting date, and accordingly, as at the reporting date there is no statutory due payable under section 441A of the Act.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of</p> |
|---|---|

more than six months from the date they became payable. The provisions relating to customs duty and excise duty are not applicable to the Company

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

Name of the statute	Nature of dues	Amount (Rs in lacs)	Years to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	48.31	A.Y. 2003-04	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	7,746.60	A.Y. 2008-09	CIT (Appeals)
Finance Act, 1994 (Service Tax)	Service tax on hire purchase and lease transactions	8,406.10	2003-04 to 2009-10	Commissioner of Service Tax. (Refer note 11, in Schedule 21, Significant Accounting Policies and Notes to Accounts)
Finance Act, 1994 (Service Tax)	Service Tax demands	315.00	2003-04 & 2004-05	Commissioner of Central Excise and Customs
Andhra Pradesh Value Added Tax	Value Added Tax	348.41	2004-05 to 2008-09	Andhra Pradesh High Court.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained other than funds temporarily invested pending utilization of the funds for the intended use.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 11,700 and 1,37,47,441 secured non convertible debentures of Rs 10,00,000 and Rs.1,000 each respectively. The Company has created security or charge in respect of debentures issued.
- (xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

per Shrawan Jalan
Partner
Membership No.:102102

Mumbai
April 29, 2011

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

C. M. Dixit
Partner
Membership No.: 17532

Mumbai
April 29, 2011



Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011	(Rs. in lacs) As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	22,618.47	22,554.18
Share application money pending allotment		-	5.22
Stock option outstanding	2	354.55	757.02
Reserves and surplus	3	467,466.28	360,922.10
Loan Funds			
Secured loans	4	1,486,937.59	1,517,248.07
Unsecured loans	5	501,233.71	328,742.89
Total		2,478,610.60	2,230,229.48
APPLICATION OF FUNDS			
Fixed and intangible assets			
Gross block	6	9,840.15	9,762.22
Less : Accumulated depreciation and amortisation		5,996.66	5,117.71
Net block		3,843.49	4,644.51
Investments	7	365,069.90	185,601.67
Deferred tax Assets (net) [Refer note 2(9) of Schedule 21]		15,368.69	7,472.13
Current Assets, Loans and Advances			
- Assets under financing activities		1,986,561.09	1,797,924.87
- Cash and Bank Balances		362,511.14	453,733.21
- Other current assets		5,791.20	5,024.86
		2,354,863.43	2,256,682.94
Other Loans and advances	9	418,004.12	239,156.32
		2,772,867.55	2,495,839.26
Less : Current Liabilities & Provisions			
Current liabilities	10	557,204.76	382,454.51
Provisions	11	125,028.76	84,582.27
		682,233.52	467,036.78
Net Current Assets		2,090,634.03	2,028,802.48
Miscellaneous expenditure (to the extent not written off or adjusted)	12	3,694.49	3,708.69
Total		2,478,610.60	2,230,229.48
Significant Accounting Policies and Notes to Accounts	21		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

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

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

per Shrawan Jalan
Partner
Membership No. 102102

C. M. Dixit
Partner
Membership No. 17532

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Profit and Loss account for the year ended March 31, 2011

	Schedule	Year Ended March 31, 2011	(Rs. in lacs) Year Ended March 31, 2010
INCOME			
Income from operations	13	523,014.82	439,905.59
Other income	14	19,950.58	9,683.37
Total		542,965.40	449,588.96
EXPENDITURE			
Interest & other charges	15	227,195.95	224,681.22
Raw material consumed	16	-	-
Personnel expenses	17	35,821.25	22,508.15
Operating & other expenses	18	37,296.80	27,258.22
Depreciation and amortisation		1,082.07	1,495.84
Share & Debenture issue expenses written off	19	1,199.37	498.70
Provisions & write offs (net)	20	55,477.20	40,687.71
Total		358,072.64	317,129.84
Profit before taxation		184,892.76	132,459.12
Provision for taxation			
Current tax		69,801.32	49,980.03
Deferred tax [Refer note 2(9) of Schedule 21]		(7,896.56)	(4,832.65)
Total tax expense / (income)		61,904.76	45,147.38
Net profit after tax		122,988.00	87,311.74
Balance brought forward from previous year		93,001.65	58,309.25
Profit available for appropriation		215,989.65	145,620.99
Appropriations			
Interim dividend		5,638.46	4,254.76
Final dividend		-	325.18
Proposed final dividend		9,046.43	9,020.71
Tax on dividend		936.45	778.36
Tax on proposed dividend		1,502.50	1,498.25
Transfer to debenture redemption reserve		21,381.60	10,442.08
Transfer to statutory reserve		24,600.00	17,500.00
Transfer to general reserve		12,300.00	8,800.00
Surplus carried to Balance Sheet		140,584.21	93,001.65
Earnings per share [Refer note 2(8) of Schedule 21]			
Basic (Rs.)		54.49	41.09
Diluted (Rs.)		54.41	40.92
Nominal value of equity share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts	21		
The schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

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

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

per Shrawan Jalan
Partner
Membership No. 102102

C. M. Dixit
Partner
Membership No. 17532

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Cash Flow Statement for the year ended March 31, 2011

Particulars	(Rs. in lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	184,892.76	132,459.12
Depreciation and amortisation	1,082.07	1,495.84
Issue expenses for equity shares	152.96	25.28
Public issue expenses for non convertible debentures	1,046.41	473.42
(Profit) / loss on sale of fixed assets (net)	36.75	(62.40)
(Profit) / loss on sale of current and long term investments (net)	(6,415.09)	(1,812.65)
Interest income on current and long term investments and interest income on fixed deposits	(10,303.25)	(3,180.57)
Dividend income	(2.13)	(874.71)
Employees Stock option compensation cost	116.85	341.30
Provision for credit loss on securitisation	21,559.32	7,971.84
Provisions for non performing assets and bad debt written off	29,750.36	33,244.87
Provisions for standard assets	4,881.70	-
Provision for gratuity	291.04	148.71
Provision for leave encashment	507.90	146.44
Premium on Government Securities (Miscellaneous Expenses)	3.40	-
Amortisation of Discount on Government Securities	(52.64)	-
Provision for diminution in value of investments	(79.87)	20.34
Operating profit before working capital changes	227,468.54	170,396.83
Movements in working capital:		
(Increase) / decrease in current assets:		
(Increase) / decrease in inventories	-	126.81
(Increase) / decrease in assets under financing activities	(211,235.47)	(20,308.73)
(Increase) / decrease in sundry debtors	-	399.24
(Increase) / decrease in other current assets	(374.46)	(1,008.93)
(Increase) / decrease in other loans and advances	(178,842.49)	(200,162.64)
Increase / (decrease) in current liabilities	179,670.47	185,950.34
Cash generated from operations	16,686.59	135,392.92
Direct taxes paid (net of refunds)	(69,162.44)	(48,629.16)
Net cash used in operating activities (A)	(52,475.85)	86,763.76
B CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Fixed deposits (net)	9,050.15	(88,988.21)
Purchase of fixed and intangible assets	(345.05)	(624.86)
Proceeds from sale of fixed assets	27.25	7,973.48
Purchase of Investment	(7,091,350.39)	(2,501,835.74)
Purchase of investment in subsidiary company	(16,785.00)	(220.00)
Proceeds from sale of investments in subsidiary company	-	5.00
Proceeds from sale of investments	6,935,672.41	2,383,738.05
Interest received on current and long term investments and interest on fixed deposits	9,911.36	2,898.59
Dividend received	2.13	874.71
Net cash used in investing activities (B)	(153,817.14)	(196,178.98)

Cash Flow Statement for the year ended March 31, 2011 (Contd.)

Particulars	(Rs. in lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital including securities premium & Share application	219.77	80,799.14
Increase / (decrease) in bank borrowings (net)	(54,915.47)	(110,368.28)
Increase / (decrease) in long term borrowings from others (net)	(14,773.99)	(68,604.27)
Increase / (decrease) in fixed deposits (net)	101,466.73	10,991.06
Increase / (decrease) in subordinate debts (net)	123,217.50	51,823.24
Increase / (decrease) in redeemable non convertible debentures (net)	(10,299.48)	408.53
Increase / (decrease) in inter corporate deposits and commercial papers (net)	(2,514.95)	(50,390.48)
Issue expenses for equity shares paid	(11.05)	(1,415.53)
Public issue expenses for non convertible debentures paid	(1,174.12)	(2,690.64)
Dividend paid	(14,659.17)	(12,720.40)
Tax on dividend	(2,434.70)	(2,161.83)
Net cash from financing activities (C)	124,121.07	(104,329.46)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(82,171.92)	(213,744.68)
Cash and Cash Equivalents at the beginning of the year	247,309.58	461,054.26
Cash and Cash Equivalents at the end of the year	165,137.66	247,309.58

Components of Cash and Cash Equivalents	(Rs. in lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
i) Cash on hand	3,119.60	7,818.91
ii) Cheques on hand	2,702.24	2,220.79
iii) Remittances in transit	-	9.48
iv) Balances with scheduled banks in:		
Current accounts	85,121.70	166,008.62
Balance held in escrow account *	100.07	0.07
Unpaid dividend accounts *	382.44	274.83
Deposit accounts		
Free of lien	88,832.96	71,444.16
Under lien	182,252.13	205,956.35
Less: Fixed deposits held for more than three months	15,121.35	467.28
Less: Fixed deposit under lien	182,252.13	205,956.35
	165,137.66	247,309.58

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liability and balance held in escrow account.

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

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

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

per Shrawan Jalan
Partner
Membership No. 102102

C. M. Dixit
Partner
Membership No. 17532

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Schedules forming part of the Balance Sheet

	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
Schedule 1 - SHARE CAPITAL		
Authorised		
335,000,000 (March 31, 2010 : 335,000,000) Equity Shares of Rs.10/- each	33,500.00	33,500.00
20,000,000 (March 31, 2010 : 20,000,000) Preference Shares of Rs.100/- each	20,000.00	20,000.00
	53,500.00	53,500.00
Issued, Subscribed & Fully Paid up		
Equity Shares		
226,160,668 (March 31, 2010 : 225,517,818) equity shares of Rs. 10/- each	22,616.07	22,551.78
Of the above :		
i) 79,279,236 (March 31, 2010: 79,279,236) equity shares of Rs.10/- each allotted for consideration other than cash pursuant to the schemes of amalgamation		
ii) 3,600,650 (March 31, 2010 : 2,957,800) equity shares of Rs.10/- each have been issued under employee stock option scheme.[Refer note 2(12) of Schedule 21]		
Add : Share forfeiture [48,000 (March 31, 2010: 48,000) equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)]	2.40	2.40
	22,618.47	22,554.18
Schedule 2 - STOCK OPTION OUTSTANDING		
Employee stock option outstanding	426.74	955.97
Less : Deferred employee compensation outstanding	72.19	198.95
	354.55	757.02
Schedule 3 - RESERVES AND SURPLUS		
Capital Reserve	17.03	17.03
Capital Redemption Reserve	5,388.35	5,388.35
Debenture Redemption Reserve		
Balance as per last account	10,442.08	-
Add: Transfer from Profit & Loss Account	21,381.60	10,442.08
	31,823.68	10,442.08
Securities Premium Account		
Balance as per last account	174,419.57	91,689.29
Add: Amount received during the year	680.02	82,730.28
	175,099.59	174,419.57
Statutory Reserve		
Balance as per last account	51,399.79	33,899.79
Add: Transfer from Profit & Loss Account	24,600.00	17,500.00
	75,999.79	51,399.79
General Reserve		
Balance as per last account	26,253.63	17,453.63
Add: Transfer from Profit & Loss Account	12,300.00	8,800.00
	38,553.63	26,253.63
Balance in Profit & Loss Account	140,584.21	93,001.65
	467,466.28	360,922.10

Schedules forming part of the Balance Sheet (Contd.)

	As at March 31, 2011	(Rs. in lacs) As at March 31, 2010
Schedule 4 - SECURED LOANS		
Redeemable non convertible debentures # [Refer note 2(1)(a)(i)(ii)(iii) (iv) of Schedule 21]	475,288.39	483,087.87
Term loans		
i) From Financial institutions / Corporates [Refer note 2(1)(b)(i) of Schedule 21]	25,414.44	12,188.42
ii) From banks [Refer note 2(1)(b)(ii) of Schedule 21]	937,999.97	929,935.14
Cash credit from banks including working capital demand loan [Refer note 2(1)(c) of Schedule 21]	48,234.79	92,036.64
	1,486,937.59	1,517,248.07
Schedule 5 - UNSECURED LOANS		
Fixed deposits [Due within one year Rs. 18,799.32 lacs (March 31, 2010 : Rs. 2,705.07 lacs)]	112,946.23	11,479.51
Inter corporate deposits [Due within one year Rs. 1.73 lacs (March 31, 2010 : Rs.14.42 lacs)]	1.73	16.68
Subordinated debts		
i) From banks [Due within one year Nil (March 31, 2010 : Nil)]	36,250.00	33,530.00
ii) From others ## [Due within one year Rs. 13,400.53 lacs (March 31, 2010 : Rs. 19,098.45 lacs)]	293,566.99	173,069.49
Redeemable non-convertible debentures from other than banks (Redeemed at par on September 25, 2010 as per the terms of the issue) [Due within one year Rs. Nil (March 31, 2010 : Rs. 2,500.00 lacs*)]	-	2,500.00
Commercial papers from other than banks [Due within one year Rs. Nil (March 31, 2010 : Rs. 2,500.00 lacs)] [Maximum amount raised at anytime during the period : Rs. 12,500.00 lacs (March 31, 2010 : Rs. 48,250.00 lacs)]	-	2,500.00
Term loan		
i) From banks [Due within one year Rs. 40,294.74 lacs (March 31, 2010 : Rs. 29,178.45 lacs)]*	51,468.76	70,647.21
ii) From corporates [Due within one year Rs. 7,000.00 lacs (March 31, 2010 : Rs. 35,000.00 lacs)]	7,000.00	35,000.00
	501,233.71	328,742.89

includes Rs. 4.74 lacs from Managing Director (March 31, 2010 : Rs. Nil)

includes Rs. 12.31 lacs from Managing Director (March 31, 2010 : Rs. Nil)

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



Schedules forming part of the Balance Sheet (Contd.)

Schedule 6 - FIXED & INTANGIBLE ASSETS

Particulars	Gross Block						Depreciation / Amortisation				Impairment losses			Net Block	
	As at April 1, 2010	Additions during the year	Deletions during the year	Adjustment	As at Mar 31, 2011	As at April 1, 2010	For the year	Deletions	Adjustment	As at Mar 31, 2011	As at April 1, 2010	Additions	Deletions	As at Mar 31, 2011	As at April 1, 2010
	(Rs. in lacs)														
OWN USE															
Land - Freehold	10.18	-	-	-	10.18	-	-	-	-	-	-	-	-	10.18	10.18
Buildings	449.31	-	-	76.51	525.82	56.73	7.32	-	46.61	110.66	-	-	-	415.16	392.58
Plant and Machinery	3,237.49	32.84	83.92	-	3,186.41	1,358.37	388.26	60.60	-	1,686.03	-	-	-	1,500.38	1,879.12
Furniture and Fixtures	1,249.53	119.99	23.69	-	1,345.83	538.88	66.67	16.04	-	589.51	-	-	-	756.32	710.65
Vehicles	173.08	58.92	55.95	-	176.05	99.67	17.16	31.70	-	85.13	-	-	-	90.92	73.41
Leasehold Improvement	3,747.74	122.49	103.56	-	3,766.67	2,476.33	563.27	94.78	-	2,944.82	-	-	-	821.85	1,271.41
INTANGIBLE ASSETS															
Computer Software	606.72	10.81	-	-	617.53	537.44	35.83	-	-	573.27	-	-	-	44.26	69.28
TOTAL-(A)	9,474.05	345.05	267.12	76.51	9,628.49	5,067.42	1,078.51	203.12	46.61	5,989.42	-	-	-	3,639.07	4,406.63
ASSETS GIVEN ON OPERATING LEASE															
Land	69.75	-	-	-	69.75	-	-	-	-	-	-	-	-	69.75	69.75
Buildings	218.42	-	-	(76.51)	141.91	50.29	3.56	-	(46.61)	7.24	-	-	-	134.67	168.13
TOTAL-(B)	288.17	-	-	(76.51)	211.66	50.29	3.56	-	(46.61)	7.24	-	-	-	204.42	237.88
TOTAL (A)+(B)	9,762.22	345.05	267.12	-	9,840.15	5,117.71	1,082.07	203.12	-	5,996.66	-	-	-	3,843.49	4,644.51
Year ended March 31, 2010	24,050.08	624.86	14,912.72	-	9,762.22	10,051.63	1,495.84	6,429.76	-	5,117.71	571.88	-	571.88	-	4,644.51



Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS

Particulars	Quantity		Amount	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
				(Rs. in lacs)
Long Term Investments (At cost)*				
Trade				
Shares : Fully paid up				
Unquoted - Preference Share				
Mahaveer Finance India Limited (10% Cumulative Redeemable Preference Share of Rs 10/- each) (Sold during the year)	-	100,000	-	10.00
Other than trade				
A Government Securities [Refer note 2(7) of Schedule 21]				
Quoted				
6.13% GOI Loan 2028 (Face Value - Rs.176.00 Lacs)	176,000	176,000	176.00	178.55
6.35% GOI Loan 2020 (Face Value - Rs. 2,000.00 Lacs)	2,000,000	2,000,000	2,000.00	1,847.00
6.49% GOI Loan 2015 (Face Value - Rs. 500.00 Lacs)	500,000	500,000	500.00	480.00
7.02% GOI Loan 2016 (Face Value - Rs. 400.00 Lacs)	400,000	400,000	400.00	391.30
7.40% GOI Loan 2012 (Face Value - Rs. 13.50 Lacs)	13,500	13,500	13.50	15.27
8.24% GOI Loan 2027 (Face Value - Rs. 500.00 Lacs)	500,000	500,000	500.00	496.40
11.50% Tamilnadu Loan 2010 (Face Value - Rs. 0.06 Lacs) (Redeemed during year)	-	60	-	0.06
12.00% Tamilnadu Loan 2011 (Face Value - Rs. 3.00 Lacs)	3,000	3,000	3.00	3.03
12.40% GOI Loan 2013 (Face Value - Rs.85.00 Lacs)	85,000	85,000	85.00	86.09
Purchased during the year				
6.35 % GOI Loan 2020 (Face Value - Rs. 500.00 Lacs)	500,000	-	500.00	-
6.90% GOI Loan 2019 (Face Value - Rs. 5,000.00 Lacs)	5,000,000	-	5,000.00	-
7.80% GOI Loan 2020 (Face Value - Rs. 2,500.00 Lacs)	2,500,000	-	2,500.00	-
8.13% GOI Loan 2022 (Face Value - Rs. 2,500.00 Lacs)	2,500,000	-	2,500.00	-
8.26% GOI Loan 2027 (Face Value - Rs. 2500.00 Lacs)	2,500,000	-	2,524.67	-
B. Shares : Fully paid up				
a) Quoted - Equity shares fully paid up				
Shriram Asset Management Company Limited (Face value of Rs. 10/-each) #	2,400,000	-	240.00	-
b) Unquoted - Equity shares				
State Industrial Investment Corporation of Maharashtra Limited (Face value of Rs.10/- each)	50,000	50,000	40.00	40.00
Credential Finance Limited (Face value of Rs.10/-each)	25,000	25,000	25.00	25.00
Ashley Transport Services Limited (Face value of Rs.100/- each)	225,000	225,000	142.50	142.50
In wholly owned subsidiaries				
Shriram Equipment Finance Company Limited (Face value of Rs.10/-each) (Purchased 7,900,000 shares of Face value of Rs.10/- each)	10,000,000	2,100,000	1,000.00	210.00
Shriram Automall India Limited (Face value of Rs.10/-each) (Purchased 9,950,000 share of Face value of Rs.10/- each)	10,000,000	50,000	1,000.00	5.00
c) Unquoted - Preference shares				
In wholly owned subsidiaries				
Shriram Equipment Finance Company Limited (Face value of Rs.100/- each) (Purchased 0.01% Compulsorily Convertible Preference shares of Rs.100/- each)	15,000,000	-	15,000.00	-



Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

Particulars	Quantity		Amount	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
				(Rs. in lacs)
C Unquoted-Pass Trough Certificates				
Corporate Loan Securitization series XXXIII Trust 2006 (Face value Rs. 4,017.84 lacs, annualised yield NSEMIBOR +800 bps subject to floor of 9.20% p.a. and cap of 9.40% p.a.)	-	40	-	4,284.55
ISTF Loan Trust (Purchased during the year) (Face value of Rs. 7,000.00 lacs, Fixed Discount Rate of 8.4% XIRR)	70	-	7,424.18	-
D Unquoted- Venture Capital Fund				
ICICI Investment Management Company Limited (Purchased 5,000 units, Face Value - Rs. 10,000/- each)	5,000	-	500.00	-
E Unquoted -Investment in Subordinate Debts				
Yes Bank Limited (Purchased 500 units, Face value Rs. 10/- lacs each)	500	-	5,000.00	-
Current Investments (At lower of cost and fair value)*				
Other than trade				
a) Quoted - Equity shares fully paid up				
Shriram Asset Management Company Limited (Face value of Rs. 10/-each) #	-	2,400,000	-	240.00
b) Quoted: Treasury Bills				
91 Days T Bill 15th April 2011 (Face value -Rs. 100/- each) (Purchased during the year)	500	-	0.49	-
c) Investment in Certificate of Deposit with Banks - Unquoted				
Allahabad Bank	29,500	15,000	28,899.98	14,802.47
Bank of Maharashtra	15,000	-	14,681.75	-
Canara Bank	70,500	23,500	68,886.10	23,112.01
Central Bank of India	37,500	4,000	36,686.34	3,944.22
Corporation Bank	10,000	12,500	9,768.53	12,317.12
Dhanlaxmi Bank	5,000	-	4,905.63	-
Federal Bank limited	10,000	-	9,568.82	-
HDFC Bank Limited	-	20,000	-	18,830.98
ICICI Bank Limited	-	26,500	-	26,201.29
Industrial Development Bank of India Limited	7,500	7,500	7,330.00	7,400.37
Indian Overseas Bank	30,000	-	29,384.42	-
Punjab & Sindh Bank	5,000	-	4,844.71	-
Punjab National Bank	40,000	25,000	39,097.67	24,627.78
State Bank of Mysore	-	12,000	-	11,646.54
State Bank of Patiala	-	2,500	-	2,427.79
State Bank of Travancore	-	5,000	-	4,911.18
Syndicate Bank	-	17,500	-	17,352.25
UCO Bank	50,000	-	48,826.93	-
Union Bank of India	-	10,000	-	9,572.92
Vijaya Bank	15,500	-	15,114.68	-
			365,069.90	185,601.67
Aggregate Value of Quoted Investments				
Cost of acquisition [after adjustment of discount (net) of Rs. 590.16 lacs, (March 31, 2010: Rs. Nil) on government securities]			16,352.50	3,737.70
Market Value			16,662.77	4,030.61
Aggregate Value of Unquoted Investments				
Cost of acquisition			348,127.24	181,863.97

* For provision, if any, in respect of diminution in value, refer Schedule 20

These shares are subject to restrictive covenants of regulatory authority.

Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

Details of Investments Purchased and Redeemed during the year ended March 31, 2011

Current Investment

Investments in Mutual Fund	Quantity	(Rs. in lacs)
		Amount (at Cost)
AIG India Liquid Fund Super Institutional Growth	837,635.96	10,000.00
Axis Liquid Fund - Institutional Growth	14,014,533.38	147,400.00
Baroda Pioneer Liquid Fund - Institutional Growth Plan	695,306,154.09	84,900.00
Bharti AXA Liquid Fund - Super Institutional Plan Growth	821,499.20	9,000.00
Birla Sun Life Cash Plus - Institutional Premium - Growth	808,101,326.69	122,700.00
Canara Rebeco Liquid Super Institutional Growth Fund	788,589,101.50	91,300.00
Daiwa Liquid Fund - Institutional Plan - Growth Option	292,226.93	3,200.00
DSP Black Rock Liquidity Fund - Institutional Plan - Growth	1,284,209.65	17,500.00
DWS Insta Cash Plus Fund- Super Institutional Plan Growth	694,385,988.30	101,100.00
Fidelity Cash Fund (Super Institutional) Growth	126,631,455.84	16,500.00
Fortis Overnight - Institutional Growth	817,198,535.40	120,500.00
Fortis Overnight - Institutional Plus Growth	209,170,082.26	21,000.00
HDFC Liquid Fund - Premium Plan - Growth	741,003,269.86	142,200.00
HSBC Cash Fund - Institutional Plus - Growth	237,883,030.84	34,500.00
ICICI Prudential Flexible Income Plan Premium - Growth	5,655.36	10.00
ICICI Prudential Liquid Super Institutional Plan - Growth	234,869,452.02	330,800.00
IDBI Liquid Fund - Growth	1,187,300,903.89	140,600.00
IDFC Cash Fund - Super Institutional Plan C - Growth	711,705,394.08	82,500.00
ING Liquid Fund Super Institutional - Growth option	176,445,943.52	24,900.00
JM High Liquidity Fund - Super Institutional Plan Growth	1,473,158,869.13	219,500.00
JP Morgan India Liquid Fund- Super Institutional Growth Plan	1,778,826,662.93	218,500.00
Kotak Floater Short Term - Growth	397,472,347.51	62,300.00
Kotak Liquid Institutional Premium Growth	450,355,688.24	88,100.00
L&T Liquid Super Institutional Plan Cumulative	736,823,011.49	97,500.00
LIC MF Interval Fund-Monthly Growth Plan	20,435,020.72	2,500.00
LIC MF Liquid Fund - Growth Plan	1,971,818,323.96	340,700.00
Paramerica Liquid Fund - Growth Plan	133,064,396.49	101,200.00
Peerless Liquid Fund Super - Institutional Growth	3,563,488,714.54	372,700.00
Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Growth	353,294,239.04	52,100.00
Principal Money Manager Fund - Institutional - Growth Plan - Dec 07	23,467,788.11	2,500.00
Reliance Liquid Fund - Growth option	1,727,439,001.24	247,900.00
Religare Liquid Fund - Super Institutional Growth	982,005,853.54	165,100.00
Religare Overnight Fund - Growth Plan	34,920,468.63	4,000.00
SBI - Magnum Insta Cash Fund - Cash option	911,902,622.43	192,700.00
SBNPP Money Fund Super Institutional Growth	459,146,547.65	92,000.00
Shinsei Liquid Fund - Institutional Plan - Growth Option	3,696,220.94	39,000.00
Tata Liquid Super High Investment Fund - Appreciation	14,647,138.99	256,100.00
Taurus Liquid Fund - Super Institutional Growth	11,144,498.21	113,500.00
Templeton India Treasury Management Account Super Institutional Plan - Growth	6,891,839.89	98,000.00
UTI Liquid Cash Plan Institutional - Growth Option	8,045,391.76	124,000.00
UTI Money Market Mutual Fund - Institutional Growth Plan	10,415,027.89	113,500.00
Total	22,518,306,072.10	4,504,010.00



Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Investments in Certificate of Deposit	Quantity	Amount (at Cost)
Allahabad Bank	165,500.00	162,783.02
Andhra Bank	65,000.00	63,628.84
Axis Bank Limited	12,500.00	12,264.16
Bank of Baroda	37,000.00	36,142.83
Bank of India	10,000.00	9,674.80
Bank of Maharashtra	53,500.00	52,696.65
Canara Bank	202,500.00	198,674.31
Central Bank of India	138,000.00	135,829.17
Corporation Bank	59,500.00	58,731.55
Dena Bank	87,900.00	85,651.48
Dhanlaxmi Bank	10,000.00	9,908.78
Federal Bank Limited	22,500.00	22,428.56
HDFC Bank Limited	91,000.00	89,218.00
ICICI Bank Limited	185,500.00	183,419.18
IDBI Bank Limited	80,500.00	78,125.85
Indian Bank	6,000.00	5,941.94
Indian Overseas Bank	5,000.00	4,859.65
Indusind Bank Limited	8,500.00	8,470.28
ING Vysya Bank	32,000.00	31,720.59
Karur Vysya Bank Limited	10,000.00	9,987.09
Kotak Mahindra Bank Limited	30,500.00	30,395.75
Oriental Bank of Commerce	77,500.00	75,849.80
Punjab & Sindh Bank	45,000.00	44,608.97
Punjab National Bank	173,500.00	171,150.75
State Bank of Bikaner and Jaipur	16,000.00	15,648.70
State Bank of Hyderabad	2,500.00	2,449.27
State Bank of India	30,000.00	29,479.75
State Bank of Indore	10,000.00	9,965.60
State Bank of Mysore	5,000.00	4,908.64
State Bank of Patiala	33,000.00	32,666.53
State Bank of Travancore	26,500.00	26,077.19
Syndicate Bank	136,000.00	134,460.18
Union Bank of India	23,500.00	23,165.35
United Bank of India	78,500.00	77,638.29
United Commercial Bank	142,500.00	140,552.24
Vijaya Bank	25,000.00	24,682.23
Yes Bank Limited	60,500.00	59,874.24
Total	2,197,900.00	2,163,730.21

Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Investments in Treasury Bill	Quantity	Amount (at Cost)
7.1443% T Bill 15th April 2011	2,000,000.00	1,965.20
7.1443% T Bill 15th April 2011	500,000.00	491.30
7.1443% T Bill 15th April 2011	1,847,000.00	1,814.68
7.1443% T Bill 15th April 2011	76,750.00	75.41
91 Days T Bill 15th April 2011	1,923,250.00	1,891.05
364 Days T Bill 10th February 2012	2,000,000.00	1,863.42
364 Days T Bill 10th February 2012	500,000.00	465.86
364 Days T Bill 24th February 2012	2,000,000.00	1,858.00
364 Days T Bill 24th February 2012	500,000.00	464.50
Total	11,347,000.00	10,889.42

(Rs. in lacs)

Investments in Government Securities	Quantity	Amount (at Cost)
07.80% GOI Loan 2020	1,500,000.00	1,473.92
08.13% GOI Loan 2022	1,500,000.00	1,520.91
Total	3,000,000.00	2,994.83

(Rs. in lacs)

Investments in Debentures	Quantity	Amount (at Cost)
Power Finance Corporation Limited	250.00	2,500.00
Infotel Broadband Services Limited	500.00	5,000.00
Export Import Bank of India	650.00	6,500.00
Infotel Broadband Services Limited	250.00	2,477.19
ETHL Communications Holdings Limited	500.00	4,902.12
Total	2,150.00	21,379.31

(Rs. in lacs)

Investments in Commercial Paper	Quantity	Amount (at Cost)
JM Financial Products Limited	3,000.00	14,965.56
JM Financial Products Limited	3,000.00	14,962.70
India Infoline Limited	1,000.00	4,985.66
Religare Finvest Limited	2,000.00	9,898.16
Total	9,000.00	44,812.08



Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

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

Current Investment

(Rs. in lacs)

Investments in Mutual Fund	Quantity	Amount (at Cost)
AIG India Liquid Fund Super Institutional Daily Dividend	899,100.90	9,000.00
AIG India Liquid Fund Super Institutional Growth	1,064,671.96	12,500.00
Axis Liquid Fund - Growth	4,405,630.20	44,500.00
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	99,937,039.67	10,000.00
Baroda Pioneer Liquid Fund - Institutional Growth Plan	95,736,939.52	10,000.00
Bharti AXA Liquid Fund-Super Institutional Daily Dividend Plan	1,500,000.00	15,000.00
Bharti AXA Liquid Fund-Super Institutional Growth Plan	1,371,440.87	15,000.00
Birla Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	194,620,490.04	19,500.00
Birla Sunlife Cash Plus- Institutional Premium Growth Plan	219,648,862.73	32,000.00
Black Rock Liquidity Fund-Institutional Plan -Daily Dividend	949,810.04	9,500.00
Canara Robeco Liquid Super Institutional Growth Fund	207,735,951.68	23,000.00
DBS Chola Institutional-Daily Dividend Reinvestment Plan	123,710,932.09	12,500.00
DBS Chola Liquid Super Institutional Plan Cumulative - Growth	92,503,020.15	11,500.00
DSP Blackrock Cash Manager Fund- Institutional Growth	86,480.04	1,000.00
DSP Blackrock Liquidity Fund- Institutional Growth	1,954,495.06	25,500.00
DWS Insta Cash Plus Fund- Super Institutional Plan Growth	304,373,588.11	36,000.00
DWS Insta Cash Plus Fund-Super Institutional Plan Daily Dividend	284,158,596.39	28,500.00
Fortis Money Plus Institutional Growth	72,741,556.52	10,000.00
Fortis Overnight Institutional Plus Daily Dividend	254,923,522.94	25,500.00
Fortis Overnight Institutional Plus Growth	582,842,031.66	65,000.00
GCCD IDFC Cash Fund-Super Inst Plan C - Growth	311,067,850.42	34,500.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	69,982,504.37	7,000.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	49,987,503.12	5,000.00
HDFC Liquid Fund Premium Plan -Dividend - Daily Reinvestment	285,485,897.00	35,000.00
HDFC Liquid Fund Premium Plan Growth	437,250,379.74	80,000.00
HSBC Cash Fund - Institutional Plus - Growth	138,829,680.29	19,500.00
HSBC Cash Fund-Institutional Plus-Daily Dividend	114,935,636.04	11,500.00
ICICI Prudential Flexible Income Plan Premium - Growth	5,882,266.44	10,000.00
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	130,424,059.39	85,000.00
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend	399,923,016.00	40,000.00
ING Liquid Fund Super Institutional - Daily Dividend Option	94,954,421.88	9,500.00
ING Liquid Fund Super Institutional Growth Option	180,006,270.97	24,500.00
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend (92)	144,761,144.11	14,500.00
JM High Liquidity Fund - Super Institutional Plan Growth	220,782,313.01	31,500.00
JP Morgan India Liquid Fund Super Institutional Growth Plan	211,914,852.79	25,000.00
JPLDI-JPMorgan India Liquid Fund-Super Institutional Daily Dividend Plan-Reinvestment	169,865,806.01	17,000.00
Kotak Liquid - Institutional Premium - Growth	362,189,588.47	67,000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	155,379,821.89	19,000.00
L&T Liquid Super Institutional Plan - Cumulative - Growth	31,704,582.40	4,000.00
LIC Mutual Fund Liquid Fund - Dividend Plan	72,859,081.43	8,000.00
LIC Mutual Fund Liquid Fund - Growth Plan	867,957,627.39	145,500.00
NLFSD Canara Robeco Liquid Super Institutional Daily Dividend Reinvestment Fund	129,469,176.38	13,000.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan- Dividend Reinvestment Daily	174,987,750.85	17,500.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan Growth	133,918,506.55	19,000.00
Reliance Liquid Fund - Growth Option	613,863,994.07	84,500.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	449,860,543.24	45,000.00
Religare Liquid Fund Super Institutional Daily Dividend	259,833,706.43	26,000.00

Schedules forming part of the Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Investments in Mutual Fund	Quantity	Amount (at Cost)
Religare Liquid Fund Super Institutional Growth	446,401,969.42	56,000.00
SBI - Magnum Insta Cash Fund - Daily Dividend Option	89,655,843.34	11,000.00
SBI Magnum Insta Cash Fund - Cash Option - Growth	341,591,864.72	69,500.00
SBI Premium Liquid Fund - Super Institutional - Growth	104,911,718.01	15,000.00
SBNPP Money Fund Super Institutional Growth	67,616,736.57	13,000.00
SBNPP Money Fund Super Institutional Daily Dividend Reinvestment	74,291,997.26	7,500.00
Shinsei Liquid Fund Institutional Daily Dividend Plan	130,504,917.24	18,500.00
Shinsei Liquid Fund Institutional Growth	11,116,207.32	13,500.00
Shinsei Treasury Advantage Fund Growth	100,000.00	1,000.00
Tata Liquid Super High Investment Fund -Daily Dividend	3,633,851.34	40,500.00
Tata Liquid Super High Investment Fund - Appreciation	5,754,507.77	97,000.00
Taurus Liquid Fund Super Institutional Daily Dividend Plan	74,999,800.00	7,500.00
Taurus Liquid Fund Super Institutional Growth	145,336,802.75	20,000.00
Templeton India Treasury Management Account Super Institutional Plan - Growth	1,038,614.51	14,000.00
Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	1,249,159.32	12,500.00
UTI Floating Rate Fund - Short Term Plan - Institutional Growth Option	967,736.91	10,000.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1,471,387.83	15,000.00
UTI Liquid Cash Plan Institutional - Growth Option	4,432,338.36	66,500.00
Total	10,268,317,593.92	1,801,500.00

(Rs. in lacs)

Investment in Certificate of Deposit	Quantity	Amount (at Cost)
Allahabad Bank	22,500	22,014.28
Andhra Bank	28,500	28,223.37
Axis Bank Limited	14,500	14,154.67
Bank of Baroda	500	499.24
Bank of India	10,000	9,862.09
Bank of Maharashtra	5,000	4,994.73
Canara Bank	40,000	39,436.86
Central Bank of India	2,500	2,420.62
Corporation Bank	35,000	34,496.86
Federal Bank Limited	5,500	5,388.88
ICICI Bank Limited	28,000	27,165.75
IDBI Bank Limited	5,000	4,817.10
IndusInd Bank Limited	12,500	12,412.09
Jammu & Kashmir Bank	500	499.79
Kotak Mahindra Bank Limited	4,500	4,391.76
Oriental Bank of Commerce	5,000	4,963.36
Punjab & Sind Bank	40,000	39,617.53
Punjab National Bank	88,000	85,911.59
State Bank of Bikaner and Jaipur	5,000	4,805.90
State Bank of Hyderabad	16,500	16,218.89
State Bank of Mysore	10,000	9,749.63
State Bank of Patiala	10,000	9,734.63
State Bank of Travancore	9,000	8,581.11
Syndicate Bank	29,900	29,630.78
United Bank of India	72,500	71,679.28
Yes Bank Limited	22,500	21,799.91
Total	522,900	513,470.70



Schedules forming part of the Balance Sheet (Contd.)

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
Schedule 8 - CURRENT ASSETS, LOANS & ADVANCES		
Assets under financing activities (considered good unless stated otherwise)		
Secured		
Hypothecation loans *	1,946,414.11	1,773,363.05
Other loans	984.49	1,216.58
Unsecured		
Unsecured loans ** ^	38,632.40	23,217.03
Advance - hypothecation loans	530.09	128.21
	1,986,561.09	1,797,924.87
*[Includes non performing assets Rs. 51,967.80 lacs (March 31, 2010 Rs. 51,117.19 lacs)]		
**[Includes non performing assets Rs. 889.98 lacs (March 31, 2010 Rs. 9.46 Lacs)]		
Cash & bank balances		
i) Cash on hand	3,119.60	7,818.91
ii) Cheques on hand	2,702.24	2,220.79
iii) Remittances in transit	-	9.48
iv) Balances with scheduled banks in:		
Current accounts	85,604.21	166,283.52
Deposit accounts		
- Free of lien	88,832.96	71,444.16
- Under lien #	182,252.13	205,956.35
	362,511.14	453,733.21
Other current assets		
Interest accrued on investments	731.16	666.89
Interest accrued on fixed deposits and other loans and advances	5,060.04	4,357.97
	5,791.20	5,024.86
	2,354,863.43	2,256,682.94

Includes deposits of Rs. 181,906.69 lacs (March 31, 2010 : Rs. 205,055.01 lacs) pledged with Banks as margin for securitisation and Rs. 345.44 lacs (March 31, 2010: Rs. 901.34 lacs) pledged as lien against loans taken.

^ Maximum advance given to the Company in which the director is interested at anytime during the year: Rs. 334.26 lacs (March 31, 2010: Rs. Nil) and outstanding as on March 31, 2011 Rs. 112.00 lacs (March 31, 2010: Rs. Nil)

Schedule 9 - OTHER LOANS AND ADVANCES

Unsecured, considered good		
Advance recoverable from subsidiaries ^ \$	13,923.71	5.05
Advances recoverable in cash or in kind or for value to be received	28,700.38	25,437.28
Securitisation Deferred Consideration Receivable	368,676.26	203,804.05
Service tax credit (input) receivable	141.50	537.34
Prepaid expenses	5,728.34	8,649.99
Security deposits	833.93	722.61
	418,004.12	239,156.32

^ Maximum advance given to subsidiary M/s. Shriram Equipment Finance Company Limited at anytime during the year: Rs. 30,258.15 lacs (March 31, 2010: Rs. 2.77 lacs)

\$ Maximum advance given to subsidiary M/s. Shriram Automall India Limited at anytime during the year : Rs. 4,294.87 lacs (March 31, 2010: Rs. 2.31 lacs)

Schedules forming part of the Balance Sheet (Contd.)

	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
Schedule 10 - CURRENT LIABILITIES		
Sundry creditors [Refer note 2(15) of Schedule 21]		
- Micro and Small Enterprises	0.43	-
- other than Micro and Small Enterprises	48,257.33	23,288.59
Interest accrued but not due on loans	97,593.86	84,941.79
Application money on redeemable non convertible debentures	856.25	798.77
Application money on Subordinated debts	64.19	15.79
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed matured deposits	278.50	60.65
- Unclaimed matured debentures	5,705.69	5,116.68
- Unclaimed matured subordinate debts	966.22	117.13
- Interest accrued and due on above	2,014.61	1,329.00
- Unclaimed dividend	382.44	269.67
Temporary credit balance in bank accounts	42,057.60	29,551.21
Securitization deferred income	358,044.60	236,518.83
Other liabilities	983.04	446.40
	557,204.76	382,454.51
Schedule 11 - PROVISIONS		
For non-performing assets	45,411.86	38,260.74
For standard assets [Refer note 1(e) of Schedule 21]	4,881.70	-
For credit loss on securitisation	52,012.24	24,986.49
For income tax [net of advance for income tax Rs. 211,282.52 lacs (March 31, 2010: Rs. 141,900.08 lacs)]	1,627.20	988.32
For provision for service tax- contested [Refer note 2(11) of Schedule 21]	8,406.10	8,406.10
For diminution in value of investments	167.50	247.37
For leave encashment and availment	1,069.56	561.66
For gratuity	903.67	612.63
Proposed dividend	9,046.43	9,020.71
Corporate dividend tax	1,502.50	1,498.25
	125,028.76	84,582.27
Schedule 12 - MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Public issue expenses for non convertible debentures	2,344.93	2,217.22
Issue expenses for equity shares	1,349.56	1,491.47
	3,694.49	3,708.69



Schedules forming part of the Profit and Loss account

	For the year ended March 31, 2011	(Rs. in lacs) For the year ended March 31, 2010
Schedule 13 - INCOME FROM OPERATIONS		
Income from financing activities [Tax deducted at source Rs.917.24 lacs (March 31, 2010: Rs.985.94 lacs)]	349,903.57	361,528.77
Interest on margin money on securitisation/ assignments [Tax deducted at source Rs. 1,109.56 lacs (March 31, 2010: Rs.1021.66 lacs)]	10,846.17	10,367.78
Income on securitisation and direct assignment	162,265.08	68,009.04
	523,014.82	439,905.59
Schedule 14 - OTHER INCOME		
Buyer-seller facilitation fees	2,703.21	3,053.46
Interest on deposits with banks [Tax deducted at source of Rs.412.52 lacs (March 31, 2010: Rs. 215.68 lacs)]	3,763.24	1,696.77
Income from operating lease [Tax deducted at source of Rs. 2.12 lacs (March 31, 2010: Rs.42.00 lacs)]	22.14	453.91
Profit on sale of assets (net)	-	62.40
Income from Long Term Investments (non trade)		
- Profit on sale of investments (net)	-	66.55
- Dividend	2.13	0.25
- Interest on government securities	686.13	100.51
- Interest on pass through certificates	261.36	119.18
- Interest on subordinated debts	270.68	-
[Tax deducted at source of Rs. 27.07 lacs (March 31, 2010: Rs.Nil)]		
- Amortisation of Discount on Government Securities	52.64	-
Income from Current Investments (non trade)		
- Profit on sale of investments (net)		
Certificate of Deposits [Net of loss Rs. 106.47 lacs, (March 31, 2010 Rs. 0.01 lacs)]	931.57	275.57
Mutual Funds	5,411.57	1,470.53
Government Securities	20.00	-
Debentures	12.03	-
Commercial Paper	35.39	-
Treasury Bills	4.53	-
- Dividend	-	874.46
- Interest on government securities	3.46	-
- Interest on certificate of deposits	4,950.82	1,068.27
- Discount on CBLO	243.95	195.84
- Interest on commercial paper	88.84	-
- Interest on debentures	38.23	-
[Tax deducted at source of Rs. 0.55 lacs (March 31, 2010: Rs.Nil)]		
- Interest on Treasury Bills	90.27	-
Miscellaneous income [Tax deducted at source of Rs. 28.23 lacs (March 31, 2010: Rs.Nil)]	358.39	245.67
	19,950.58	9,683.37

Schedules forming part of the Profit and Loss account (Contd.)

	For the year ended March 31, 2011	(Rs. in lacs) For the year ended March 31, 2010
Schedule 15 - INTEREST & OTHER CHARGES		
Interest & Other Charges on :		
Debentures #	59,004.24	65,969.57
Subordinated debts @	36,709.70	23,214.26
Fixed deposits	6,206.52	475.98
Loans from banks ##	102,756.73	105,813.69
Loans from institutions and others	6,514.52	13,457.96
Commercial paper	458.82	2,199.54
Bank charges	2,671.14	2,350.85
Professional charges - resource mobilisation	5,694.87	4,895.23
Processing charges on loans/securitization	3,853.77	3,605.42
Discount on sale of second loss credit / liquidity facilities	(269.92)	584.00
[Tax deducted at source of Rs. 27.44 lacs (March 31, 2010: Rs.10.30 lacs)]		
Fees on sale of second loss credit / liquidity facilities	3,595.56	2,114.72
	227,195.95	224,681.22

Includes interest paid to Managing director Rs. 0.40 lacs (March 31,2010 : Rs. 0.27 Lacs)

@ Includes interest paid to Managing Director Rs. 1.11 lacs (March 31, 2010: Rs. Nil)

Includes interest on loans other than loans for fixed period Rs. 3,558.85 lacs (March 31, 2010 : Rs. 7,044.52 lacs)

Schedule 16 - RAW MATERIAL CONSUMED

Opening stock	-	126.81
Add : Purchases	-	-
Less: Transferred to Lessee	-	(126.81)
Closing stock	-	-
	-	-

Schedule 17 - PERSONNEL EXPENSES

Salaries, other allowances and bonus	33,711.32	21,020.66
Gratuity expenses	299.07	197.65
Contribution to provident and other funds	1,433.00	976.89
Staff welfare expenses	377.86	312.95
	35,821.25	22,508.15



Schedules forming part of the Profit and Loss account (Contd.)

	For the year ended March 31, 2011	(Rs. in lacs) For the year ended March 31, 2010
Schedule 18 - OPERATING AND OTHER EXPENSES		
Rent	4,870.72	3,557.92
Electricity expenses	537.63	467.29
Repairs & maintenance		
- Plant & machinery	-	5.79
- Buildings	1.09	0.70
- Others	1,316.85	2,273.27
Rates & taxes	310.82	230.01
Printing & stationery	1,539.67	1,483.07
Travelling & conveyance	4,154.55	3,436.55
Advertisement	1,328.69	443.50
Brokerage	7,935.21	5,013.69
Business Promotion	445.86	428.34
Sourcing fees	85.87	23.96
Royalty	1,497.04	1,240.78
Directors' sitting fees	8.90	14.65
Insurance	262.81	148.37
Communication expenses	2,313.17	2,571.12
Payment to auditor [Refer note 2(16) of Schedule 21]		
As Auditor:		
- Audit fees	30.74	32.30
- Tax audit fees	3.03	2.76
- Limited Review	65.26	40.50
- Out of pocket	3.68	4.82
In any other manner:		
- Certification	6.16	3.31
Legal & professional charges	5,475.84	2,827.61
Donations	272.06	161.81
Loss on sale of fixed assets (net)	36.75	-
Miscellaneous expenses	4,794.40	2,846.10
	37,296.80	27,258.22
Schedule 19 - SHARE & DEBENTURE ISSUE EXPENSES WRITTEN OFF		
Issue expenses for equity shares	152.96	25.28
Public issue expenses for non convertible debentures	1,046.41	473.42
	1,199.37	498.70
Schedule 20 - PROVISIONS & WRITE OFFS		
Provision for non performing assets	7,151.12	14,575.88
Provision for standard assets [Refer note 1(e) of Schedule 21]	4,881.70	-
Provision for credit loss on securitisation	21,559.32	7,971.84
Provision for diminution in value of investments	(79.87)	20.34
Bad debts written off	22,599.24	18,668.99
Bad debt recovery	(634.31)	(549.34)
	55,477.20	40,687.71

Schedules forming part of the Balance Sheet and Profit and Loss account

Schedule 21 - SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation

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

(b) Use of estimates

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

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

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year 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%	16.21%

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 lease term 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 recognised on a pro-rata basis to the profit and loss account till the date of sale.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

A previously recognised 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.



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

(e) Provisioning / Write-off of assets

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

Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

(f) Hypothecation loans

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

(g) Leases

Where the Company is the lessor

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

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 recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(h) Foreign currency translation

Initial recognition

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

Conversion

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

Exchange differences

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

(i) Revenue recognition

Revenue is recognised 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 from financing activities is recognised on the basis of internal rate of return.
- ii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans and twelve months or more in case of financial lease transactions are reversed and are accounted as income when these are actually realised.
- iii. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.
- iv. Gains arising on securitisation/direct assignment of assets is recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI, loss, if any is recognised upfront.
- v. Income from services is recognised as per the terms of the contract on an accrual basis.
- vi. Interest income on fixed deposits/margin money, call money (CBLO), certificate of deposits, pass through certificates, subordinate debts and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vii. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- viii. Profit/loss on the sale of investments is recognized at the time of actual sale/redemption.
- ix. Income from operating lease is recognized as rentals, as accrued on straight line basis over the period of the lease.

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

(j) 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 recognises 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 upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Leave Encashment

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

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

(k) Income tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised 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 realised.

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 realised. 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.

(l) Segment reporting policies

Identification of segments:

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

Unallocated items:

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

Segment Policies :

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

(m) Earnings per share

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



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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

(n) 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.

(o) Cash and cash equivalents

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

(p) Equity shares and Debentures issue expenses

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

Public issue expenses, other than the brokerage, incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debentures is treated as expenditure in the year in which it is incurred.

(q) Ancillary cost of borrowings

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

(r) 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 amortised over the vesting period of the option on a straight line basis.

2. Notes to Accounts

1. Secured Loans

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

	As at March 31, 2011	As at March 31, 2010
Number	22,081,398	18,870,314
Amount Rs in lacs	220,813.98	188,703.14

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

Debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement. The earliest date of redemption is 01.04.2011 (March 31, 2010: 01.04.2010)

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

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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

(Rs. in lacs)

Date of Allotment/renewal	As at March 31, 2011	As at March 31, 2010	Redeemable at par on
05.07.2007	-	5,000.00	05.07.2010
09.07.2007	-	7,000.00	09.07.2010
11.07.2007	-	1,000.00	09.07.2010
25.07.2007	-	10,000.00	25.07.2010
25.07.2007	-	2,500.00	25.07.2010
10.09.2007	-	2,500.00	10.09.2010
15.10.2007	-	2,000.00	15.10.2010
18.10.2007	-	3,900.00	18.10.2010
19.10.2007	-	5,000.00	19.10.2010
02.05.2008	15,000.00	15,000.00	02.05.2011
20.06.2008	10,000.00	10,000.00	20.06.2011
04.09.2008	-	10,000.00	04.09.2010
08.09.2008	-	3,000.00	08.09.2010
15.09.2008	-	1,500.00	# 15.09.2011
15.09.2008	1,500.00	1,500.00	15.09.2011
15.09.2008	-	2,500.00	15.09.2010
15.09.2008	-	1,500.00	30.04.2010
16.09.2008	-	2,500.00	# 16.09.2011
17.09.2008	8,000.00	8,000.00	01.09.2011
24.09.2008	-	2,500.00	24.09.2010
26.09.2008	-	2,500.00	26.09.2010
26.09.2008	-	1,500.00	10.09.2010
08.10.2008	-	1,200.00	06.04.2010
24.10.2008	-	5,000.00	10.12.2010
03.11.2008	30,000.00	30,000.00	03.11.2013
26.11.2008	1,000.00	1,000.00	26.11.2013
28.03.2009	5,000.00	5,000.00	28.03.2012
13.04.2009	-	10,000.00	# 13.04.2011
* 20.04.2009	2,500.00	2,500.00	20.04.2011
17.06.2009	-	2,500.00	# 17.06.2011
30.06.2009	12,500.00	25,000.00	30.06.2011
14.09.2009	1,500.00	1,500.00	05.04.2011
12.10.2009	-	9,000.00	# 12.04.2011
24.03.2010	-	2,400.00	24.03.2011
25.03.2010	-	2,600.00	25.03.2011
06.05.2010	2,500.00	-	06.05.2013
04.05.2010	2,500.00	-	04.05.2013
14.05.2010	20,000.00	-	14.05.2013
28.03.2011	2,400.00	-	28.03.2012
28.03.2011	2,400.00	-	28.03.2012
28.03.2011	200.00	-	28.03.2012
TOTAL	117,000.00	198,600.00	

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

*Put option on 20th April 2011

Redeemed prior to due date as per the terms of the issue

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



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

(iii) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each - (2009)

(Rs. in lacs)

Option Detail	Date of Allotment/renewal	As at March 31, 2011	As at March 31, 2010	Redeemable at par on	Put and Call option
Option -I	27.08.2009	3,489.95	3,489.95	26.08.2012	-
Option -I	27.08.2009	3,489.95	3,489.95	26.08.2013	-
Option -I	27.08.2009	1,744.97	1,744.97	26.08.2014	-
Option -II	27.08.2009	2,949.84	2,949.84	26.08.2012	-
Option -II	27.08.2009	2,949.84	2,949.84	26.08.2013	-
Option -II	27.08.2009	1,474.92	1,474.92	26.08.2014	-
Option -III	27.08.2009	10,422.51	10,422.51	26.08.2014	26.08.2013
Option -IV	27.08.2009	2,274.12	2,274.12	26.08.2014	26.08.2013
Option -V	27.08.2009	66,988.63	66,988.63	26.08.2012	-
Total		95,784.73	95,784.73		

- Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.
- The Company has utilised the entire sum of Rs. 99,999.96 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.
- Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

(iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each - (2010)

(Rs. in lacs)

Option Detail	Date of Allotment/renewal	As at March 31, 2011	As at March 31, 2010	Redeemable at par on	Put and Call option
Option -I	02.06.2010	15,754.47	-	01.06.2015	01.06.2013
Option -II	02.06.2010	6,254.36	-	01.06.2017	01.06.2015
Option -III	02.06.2010	7,872.34	-	01.06.2013	-
Option -III	02.06.2010	7,872.34	-	01.06.2014	-
Option -III	02.06.2010	3,936.17	-	01.06.2015	-
Total		41,689.68			

- Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.
- The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.
- Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

b) Term Loans:

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
i. From Financial Institutions / Corporates :		
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans	25,414.44	12,188.42
Total	25,414.44	12,188.42
ii. From Banks :		
(a) Secured by hypothecation of vehicles for own use	36.08	3.19
(b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans#	937,963.89	*929,931.95
Total	937,999.97	929,935.14

*Includes Rs. 20,000.00 lacs, the charge in respect of which has since been created.

#The Charge of Rs. 8,000.00 lacs (March 31, 2010: Rs. 47,000.00 lacs) is yet to be created.

c) Cash Credit from Banks:

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
Cash Credit from banks	48,234.79	**92,036.64

Secured by hypothecation of specific assets covered under hypothecation loan agreements.

**Includes Rs. 10,000 lacs, the charge in respect of which has since been created.

2. Subordinated Debt

The Company has issued subordinated debt bonds amounting to Rs. 142,408.94 Lacs (March 31, 2010: Rs. 53,196.13 Lacs) with coupon rate of 7.00% to 13.00% per annum which are redeemable over a period of 60 months to 216 months.

3. Gratuity and other post-employment benefit plans:

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

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

Profit and Loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Current service cost	222.17	191.23
Interest cost on benefit obligation	61.63	48.79
Expected return on plan assets	NA	NA
Net actuarial (gain) / loss recognised in the year	39.79	(42.37)
Past service cost	Nil	Nil
Net benefit expense	323.59*	197.65

* Net benefit expense includes Rs. 24.52 lacs transferred to subsidiary company.



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

Balance sheet

Details of Provision for gratuity

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined benefit obligation	903.67	612.63
Fair value of plan assets	NA	NA
	903.67	612.63
Less: Unrecognised past service cost	Nil	Nil
Plan asset / (liability)	(903.67)	(612.63)

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

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Opening defined benefit obligation	612.63	463.92
Interest cost	61.63	48.79
Current service cost	222.17	191.23
Benefits paid	(32.55)	(48.93)
Actuarial (gains) / losses on obligation	39.79	(42.38)
Closing defined benefit obligation	903.67	612.63

The Company would not contribute any amount to gratuity in 2011-12 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, 2011	March 31, 2010
	%	%
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, 2011	March 31, 2010
Discount Rate	8%	7.5%
Increase in compensation cost	5%	5%
Employee Turnover*	5% and 10%	5% and 10%

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

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

Amounts for the Current and previous three years are as follows:

(Rs. in lacs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	903.67	612.63	463.92	322.76
Plan assets	NA	NA	NA	NA
Surplus / (deficit)	(903.67)	(612.63)	(463.92)	(322.76)
Experience adjustments on plan liabilities	74.98	55.56	37.57	101.94
Experience adjustments on plan assets	NA	NA	NA	NA

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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

(Rs. in lacs)

Particulars	Year ended March 31, 2011			Year ended March 31, 2010		
	Financing Activities	Unallocated reconciling items	Total	Financing Activities	Unallocated reconciling items	Total
Segment Revenue	539,738.12	3,227.28	542,965.40	445,900.48	3,688.48	449,588.96
Segment Results (Profit before tax and after interest on Financing Segment)	181,812.88	3,079.88	184,892.76	129,514.76	3,231.50	132,746.26
Less: Interest on unallocated reconciling items	-	-	-	-	287.14	287.14
Net profit before tax	181,812.88	3,079.88	184,892.76	129,514.76	2,944.36	132,459.12
Less: Income taxes	-	-	61,904.76	-	-	45,147.38
Net profit after tax	-	-	122,988.00	-	-	87,311.74
Other Information:						
Segment assets	3,138,289.00	-	3,138,289.00	2,689,245.90	-	2,689,245.90
Unallocated corporate assets	-	-	22,555.12	-	-	8,020.36
Total Assets	3,138,289.00	-	3,160,844.12	2,689,245.90	-	2,697,266.26
Segment liabilities	2,668,610.12	-	2,668,610.12	2,311,871.92	-	2,311,871.92
Unallocated corporate liabilities	-	-	1,794.70	-	-	1,155.82
Total Liabilities	2,668,610.12	-	2,670,404.82	2,311,871.92	-	2,313,027.74
Capital expenditure	345.05	-	345.05	624.86	-	624.86
Depreciation	1,082.07	-	1,082.07	1,287.84	208.00	1,495.84
Other non - cash expenses	64,166.33	-	64,166.33	49,753.00	0.94	49,753.94

5. Related Party Disclosure

Related party where control exists

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

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



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

(Rs. in lacs)

	Enterprises having significant influence over the Company		Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Payments/Expenses												
Employee Benefits for key management personnel	-	-	-	-	-	-	67.90	72.61	-	-	67.90	72.61
Royalty	1,497.04	1,240.78*	-	-	-	-	-	-	-	-	1,497.04	1,240.78
Data Sourcing Fees	85.87	23.96*	-	-	-	-	-	-	-	-	85.87	23.96
Service Charges	515.22	143.75*	-	-	-	-	-	-	-	-	515.22	143.75
Business Promotion	50.00*	66.18*	-	-	-	-	-	-	-	-	50.00	66.18
Equity Dividend	6,069.15#	5,602.29#	-	-	-	-	8.55	5.58	2.63	2.43	6,080.33	5,610.30
Interest on Subordinate Debt	-	-	-	-	60.76	54.37	1.11	-	0.64	-	62.51	54.37
Interest on Inter Corporate Deposit	-	96.66#	-	-	-	-	0.40	0.27	-	0.01	0.40	0.28
Interest on NCD	-	-	-	-	-	-	-	-	-	-	-	-
Investment in shares	-	-	1,785.00 &@	220.00+@&	-	-	-	-	-	-	1,785.00	220.00
Investment in Preference shares	-	-	15,000.00 &	-	-	-	-	-	-	-	15,000.00	-
Rent paid	-	59.56*	-	-	1.80	-	-	-	-	-	1.80	59.56
Inter Corporate Deposit	3,700.00*	4,200.00#	-	-	-	-	-	-	-	-	3,700.00	4,200.00
Amount paid to SAEFPL	-	-	-	3.54	-	-	-	-	-	-	-	3.54
Amount lent to SEFCL	-	-	11,165.12	-	-	-	-	-	-	-	11,165.12	-
Amount paid to SEFCL for expenses	-	-	-	2.74	-	-	-	-	-	-	-	2.74
Amount lent to SAIL	-	-	12,509.75	-	-	-	-	-	-	-	12,509.75	-
Amount paid to SAIL for expenses	-	-	984.31	2.30	-	-	-	-	-	-	984.31	2.30
Receipts/Income												
Rental Deposit Received	49.00*	-	-	-	-	-	-	-	-	-	49.00	-
Sale of Investment in shares	-	-	-	5.00+	-	-	-	-	-	-	-	5.00
Interest on Inter Corporate Deposit	132.69*	-	-	-	-	-	-	-	-	-	132.69	-
Amount recovered from SAEFPL	-	-	-	3.54	-	-	-	-	-	-	-	3.54
Amount recovered from SAIL	-	-	10,740.51	-	-	-	-	-	-	-	10,740.51	-
Non convertible Debenture	-	-	-	-	-	-	-	1.00	-	1.00	-	2.00
On conversion of warrants	-	2,400.00#	-	-	-	-	-	-	-	-	-	2,400.00
Rent & Electricity	7.87*	-	-	-	5.40	5.25	-	-	-	-	13.27	5.25
Guarantees Given by the Company to third parties	-	-	31,400.00 @ &	-	-	-	-	-	-	-	31,400.00	-

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

(Rs. in lacs)

	Enterprises having significant influence over the Company		Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2010	March 31, 2010
Balance Outstanding at the year end												
Share Capital	9,337.15#	9,337.15#	-	-	-	-	10.83	13.02	4.05	4.05	9,352.03	9,354.22
Investment in shares	-	-	2,000.00@&	215.00@&	240.00	240.00	-	-	-	-	2,240.00	455.00
Investment in Preference shares	-	-	15,000.00&	-	-	-	-	-	-	-	15,000.00	-
Inter Corporate Deposit	3,700.00*	-	-	-	-	-	-	-	-	-	3,700.00	-
Non convertible Debenture	-	-	-	-	-	-	4.74	-	-	-	4.74	-
Rent Receivable	0.66*	-	-	-	-	-	-	-	-	-	0.66	-
Outstanding expenses	772.15µ	185.43*	-	-	-	-	-	-	-	-	772.15	185.43
Rental Deposit given	-	49.00*	-	-	-	-	-	-	-	-	-	49.00
Amount recoverable from SEFCL	-	-	11,167.86	2.74	-	-	-	-	-	-	11,167.86	2.74
Amount recoverable from SAIL	-	-	2,755.85	2.30	-	-	-	-	-	-	2,755.85	2.30
Subordinated debt	-	-	-	-	413.40	413.40	12.31	-	7.00	-	432.71	413.40
Interest payable on subordinated debt	-	-	-	-	140.46	85.78	1.11	-	0.64	-	142.21	85.78
Guarantees Given by the Company to third parties	-	-	31,400.00 @&	-	-	-	-	-	-	-	31,400.00	-

* Denotes transactions with Shiram Capital Limited

Denotes transactions with Shiram Holdings (Madras) Private Limited

+ Denotes transactions with Shiram Asset and Equipment Finance Private Limited (SAEFPL)

& Denotes transactions with Shiram Equipment Finance Company Limited (SEFCL)

@ Denotes transactions with Shiram Automall India Limited (SAIL)

µ Denotes transactions with Shiram Ownership Trust



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

6. Leases

In case of assets given on lease

The Company has given land and building on operating lease for period of 11 months. During the year ended 31st March, 2010 the company had also given its biomass plant on operating lease for the period 1st April, 2009 to 30th September, 2009. The same was sold on October 1, 2009, hence gross carrying cost of and accumulated depreciation of the asset as on the date of balance sheet is nil.

In case of assets taken on lease

The Company has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognized in the profit & loss account are Rs. 4,870.72 lacs (March 31, 2010: Rs. 3,557.92 lacs). Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 12 to 120 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
Minimum Lease Payments:		
Not later than one year	823.18	899.73
Later than one year but not later than five years	588.34	324.11
Later than five years	28.20	40.73

7. 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. 16,677.50 lacs (March 31, 2010: Rs. 3,497. 64 lacs) in favour of trustees representing the public deposit holders of the Company.

8. Earnings per share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax as per profit and loss account (Rs. in lacs) (A)	122,988.00	87,311.74
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	2,257.27	2,125.01
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	2,260.39	2,133.85
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	54.49	41.09
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	54.41	40.92

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Weighted average number of equity shares for calculating Basic EPS (in lacs)	2,257.27	2,125.01
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	0.00	0.00
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	3.12	8.84
Weighted average number of equity shares in calculating diluted EPS (in lacs)	2,260.39	2,133.85

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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

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

	As at March 31, 2011	As at March 31, 2010
		(Rs. in lacs)
Deferred Tax Liabilities		
<i>Timing difference on account of :</i>		
Debt Issue Expenses	778.94	753.63
Gross Deferred Tax Liabilities (A)	778.94	753.63
Deferred Tax Asset		
<i>Timing difference on account of :</i>		
Differences in depreciation in block of fixed assets as per tax books and financial books	317.68	231.78
Expenses disallowed under Income Tax Act, 1961	3,670.63	3,259.93
Provision for securitization	10,537.72	4,734.05
Provision for standard assets	1,621.60	-
Gross Deferred Tax Assets (B)	16,147.63	8,225.76
Deferred Tax Liabilities / (Assets) (Net) (A-B)	(15,368.69)	(7,472.13)

10. Contingent Liabilities not provided for

	As at March 31, 2011	As at March 31, 2010
		(Rs. in lacs)
a. Disputed income tax demand contested in appeals not provided for [Against the above, a sum of Rs. Nil (March 31, 2010: Rs. 29.66 lacs) has been paid under protest]	-	157.26
b. Demands in respect of Service tax [Amount of Rs. 15.00 lacs (March 31, 2010 : Rs. 15.00 lacs) has been paid under protest]	330.00	315.00
c. Disputed sales tax demand [Amount of Rs. 63.92 lacs (March 31, 2010: Rs. 63.92 lacs) has been paid by the Company]	412.33	412.33
d. Guarantees and Counter Guarantees	194,058.28	-

Future cash outflows in respect of (a), (b) and (c) above are determinable only on receipt of judgements /decisions pending with various forums/authorities.

11. As regards the recovery of Service Tax on Lease and hire purchase transactions, the Hon'ble Supreme Court vide its order dated October 26, 2010 has directed the competent authority under the Finance Act, 1994 to decide the matter in accordance with the law laid down.

In its replies to the demands of Rs. 7,775 lacs (interest & penalty not quantified) for the years 2003-04 to 2009-10 from the Commissioner of Service Tax, the management has contended that no service tax is leviable on the interest earned by the company on financing transactions because of the specific exemption granted for the same under the Finance Act 1994. However, the company shall continue to hold the provision of Rs. 8,406.10 lacs in this respect and contest the demands with the Appellate Authorities.



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

12. Employee Stock Option Plan

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

The details of Series I have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	189,550	Rs. 35.00	1,839,800	Rs. 35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	68,700	Rs.35.00	1,640,750	Rs.35.00
Less: Expired during the period	5,750	-	9,500	-
Outstanding at the end of the period	115,100	Rs.35.00	189,550	Rs.35.00
Exercisable at the end of the period	115,100	-	189,550	-
Weighted average remaining contractual life (in years)		7.09		8.09
Weighted average fair value of options granted		Rs.59.04		Rs.59.04

The details of Series II have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	251,300	Rs.35.00	516,500	Rs.35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	227,300	Rs.35.00	265,200	Rs.35.00
Less: Expired during the period	-	-	-	-
Outstanding at the end of the period	24,000	Rs.35.00	251,300	Rs.35.00
Exercisable at the end of the period	24,000	-	24,900	-
Weighted average remaining contractual life (in years)		7.49		8.49
Weighted average fair value of options granted		Rs.91.75		Rs.91.75

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

The details of Series III have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	357,900	Rs.35.00	763,600	Rs.35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	294,650	Rs.35.00	4,02,200	Rs.35.00
Less: Expired during the period	8,000	-	3,500	-
Outstanding at the end of the period	55,250	Rs.35.00	357,900	Rs.35.00
Exercisable at the end of the period	55,250	-	38,300	-
Weighted average remaining contractual life (in years)		8.02		9.02
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, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	74,200	Rs.35.00	106,000	Rs.35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	31,800	Rs.35.00	31,800	Rs.35.00
Less: Expired during the period	-	-	-	-
Outstanding at the end of the period	42,400	Rs.35.00	74,200	Rs.35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		8.89		9.89
Weighted average fair value of options granted		Rs. 136.40		Rs. 136.40

The details of Series V have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	69,300	Rs.35.00	77,000	Rs.35.00
Add: Granted during the period	-	-	-	-
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	15,400	Rs.35.00	7,700	Rs.35.00
Less: Expired during the period	-	-	-	-
Outstanding at the end of the period	53,900	Rs.35.00	69,300	Rs.35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		9.78		10.78
Weighted average fair value of options granted		Rs. 253.90		Rs. 253.90

The details of Series VI have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	50,000	Rs.35.00	-	-
Add: Granted during the period	-	-	50,000	Rs.35.00
Less: Forfeited during the period	-	-	-	-
Less: Exercised during the period	5,000	-	-	-
Less: Expired during the period	-	-	-	-
Outstanding at the end of the period	45,000	Rs.35.00	50,000	Rs.35.00
Exercisable at the end of the period	-	-	-	-
Weighted average remaining contractual life (in years)		10.61		11.61
Weighted average fair value of options granted		Rs. 201.45		Rs. 201.45

The weighted average share price for the period over which stock options were exercised was Rs. 717.18 (March 31, 2010: Rs.358.00)



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

The details of exercise price for stock options outstanding at the end of the year are: March 31, 2011

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/-	115,100	7.09	Rs.35/-
Series II	Rs.35/-	24,000	7.49	Rs.35/-
Series III	Rs.35/-	55,250	8.02	Rs.35/-
Series IV	Rs.35/-	42,400	8.89	Rs.35/-
Series V	Rs.35/-	53,900	9.78	Rs.35/-
Series VI	Rs.35/-	45,000	10.61	Rs.35/-

The details of exercise price for stock options outstanding at the end of the year are: March 31, 2010

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

Stock Options granted

Series I:

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

	Yr 1	Yr 2	Yr 3	Yr 4
Weighted average share price (Rs.)	93.30	93.30	93.30	93.30
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
Weighted average share price (Rs.)	130.10	130.10	130.10	130.10
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	19.89	19.89	19.89	19.89
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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
Weighted average share price (Rs.)	111.25	111.25	111.25	111.25
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
Weighted average share price (Rs.)	168.05	168.05	168.05	168.05
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
Weighted average share price (Rs.)	294.50	294.50	294.50	294.50
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

Series VI :

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

	Yr 1	Yr 2	Yr 3	Yr 4
Weighted average share price (Rs.)	245.25	245.25	245.25	245.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

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



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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, 2011	As at March 31, 2010
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	116.85	341.30
Liability for employee stock options outstanding as at year end	426.74	955.97
Deferred compensation cost	72.19	198.95

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

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

	Year ended March 31, 2011	Year ended March 31, 2010
Profit as reported (Rs. in lacs)	122,988.00	87,311.74
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	116.85	341.30
Less: Employee stock compensation under fair value method (Rs. in lacs)	116.64	340.91
Proforma profit (Rs. in lacs)	122,988.21	87,312.13
Earnings per share		
Basic (Rs.)		
- As reported	54.49	41.09
- Proforma	54.49	41.09
Diluted (Rs.)		
- As reported	54.41	40.92
- Proforma	54.41	40.92
Nominal Value	Rs 10.00	Rs. 10.00

13. Securitisation/ Direct assignment

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

	Year ended March 31, 2011	Year ended March 31, 2010
Total number of loan assets securitized/directly assigned	432,100	380,673
Total book value of loan assets securitized/directly assigned (Rs. in lacs)	1,020,361.35	875,681.04
Sale consideration received for the securitised assets/directly assigned (Rs. in lacs)	1,023,668.28	921,631.22
Gain on account of securitization/direct assignment* (Rs. in lacs)	299,330.23	262,350.21

* Gain on securitization / direct assignment deals 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, 2011 and March 31, 2010 is given in the table below :

	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
Outstanding credit enhancement		
- Fixed Deposit	154,928.74	173,588.14
- Guarantees given by third parties	157,749.58	-
- Guarantees given by the Company	4,093.00	-
Outstanding liquidity facility		
- Fixed Deposit	15,865.57	23,833.27
Outstanding subordinate contribution	-	2,665.30

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

14. Supplementary Statutory Information

	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
I. Managing Director's Remuneration		
Salaries	47.00	45.46
Perquisites	7.11	7.19
Contribution to Provident fund	0.09	0.09
Employee stock option scheme	13.70	19.87
	67.90	72.61

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

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

	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
II. Expenditure in foreign currency (On cash basis)		
Travelling	0.76	4.23
Others	0.00	2.62
	0.76	6.85

15. Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

	(Rs. in lacs)	
Particulars	As at March 31, 2011	As at March 31, 2010
The principal amount remaining unpaid to supplier as at the end of the year	0.43	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

16. In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with other services provided by auditors in connection with public issue of non convertible debentures of Rs. 39.85 lacs (including out of pocket expenses of Rs. 0.14 lacs) have been amortised as per note 1(p) and shown under miscellaneous expenditure.

17. Previous year Comparatives

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

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

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

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

per Shrawan Jalan
Partner
Membership No. 102102

C. M. Dixit
Partner
Membership No. 17532

R Sridhar
Managing Director
S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

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

Particulars	(Rs. in lacs)	
	As on 31.03.2011	
	Amount outstanding	Amount overdue
Liabilities side :		
1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debenture :		
Secured	521,274.84	7134.64#
Unsecured (other than falling within the meaning of public deposits*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	1,026,081.21	NIL
(d) Inter-corporate loans and borrowing	1.73	NIL
(e) Commercial Paper	NIL	NIL
(f) Public Deposits*	116,270.30	312.18#
(g) Other Loans - Subordinate Debts	376,652.25	1,518.20#
- Cash Credit	48,370.30	NIL
- Corporate Loan	7,000.00	NIL
2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	NIL	NIL
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	NIL	NIL
(c) Other public deposits	116,270.30	312.18#
*Please see Note 1 below		
# Represent amounts unclaimed		
Assets side :		
	As on 31.03.2011	
	Amount outstanding	
3. Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured		990.07
(b) Unsecured		-
4. Break up of Leased Assets and stock on hire counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		NIL
(b) Operating lease		NIL
(ii) Stock on Hire including hire charges under sundry debtors :		
(a) Assets on hire		NIL
(b) Repossessed Assets		NIL
(iii) Other loans counting towards AFC Activities :		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		1,985,046.51

Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

Assets side :	As on 31.03.2011 Amount outstanding
5. Break-up of Investments :	
Current Investments :	
1. Quoted :	
(i) Shares :	
(a) Equity	NIL
(b) Preference	NIL
(ii) Debenture and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others	
- Treasury Bills	0.49
2. Unquoted :	
(i) Shares:	
(a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others	
- Investment in Certificate of Deposits	317,995.57
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	240.00
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	16,702.17
(v) Others (Please specify)	NIL
2. Unquoted :	
(i) Shares:	
(a) Equity	2,207.50
(b) Preference	15,000.00
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others	
- Venture Capital Fund	500.00
- Investment in PTC	7,424.18
- Investment in Subordinated Debts	5,000.00



Schedules forming part of the Balance Sheet and Profit and Loss account (Contd.)

6. Borrower group-wise classification of assets, financed as in (3) and (4) above : As on 31.03.2011

Please see Note 2 below

Category	Amount (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	1,902,879.63	37,742.41	1,940,622.04

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below

Category	As on 31.03.2011	
	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	15,722.45	17,000.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	729.60	240.00
2. Other than related parties	346,904.15	347,662.40

* Cost is considered wherever market value is not available.

** As per Accounting Standard of ICAI (Please see Note 3)

8. Other information

Particulars	As on 31.03.2011
	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	52,857.78
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	7,445.92
(iii) Assets acquired in satisfaction of debt	NIL

Notes:

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



Balance Sheet Abstract and Company's General Business Profile

as per Part IV to Schedule VI to The Companies Act, 1956.

Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Assets Total Liabilities

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Other Liabilities

Application of Funds

Net Fixed Assets Investments

Deferred Tax Assets Net Current Assets

Misc. Expenditure Accumulated Losses

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

Turnover Total Expenditure

+ - Profit/Loss Before Tax + - Profit/Loss After Tax

Earnings Per Share in Rs. Dividend Rate %

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

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

Product Description

Hire Purchase, Leasing and Hypothecation Loan

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

Mumbai
April 29, 2011

R Sridhar
Managing Director

S. Venkatakrishnan
Director

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



Summary of **Financial Information** of Subsidiary Companies for the year ended 31st March, 2011

Under section 212(8) of The Companies Act, 1956.

(Rs. in lacs)

Particulars	Shriram Equipment Finance Company Limited	Shriram Automall India Limited
Capital	16,000.00	1,000.00
Reserves	112.76	*(1392.06)
Total Assets	77,011.45	3,045.73
Total Liabilities	60,898.69	3,437.79
Investment included in Total Assets	Nil	Nil
Turnover	2,016.51	6,216.29
Profit before taxation	248.88	(1,387.53)
Provision for taxation	133.18	3.99
Profit after taxation	115.70	(1,391.51)
Dividend Including dividend distribution tax	1.75	Nil

* Represents debit balance in P&L Account



Auditors' Report on Consolidated Financial Statements

The Board of Directors

Shriram Transport Finance Company Limited ('the Company')

1. We S. R. Batliboi & Co. ('SRB') and G. D. Apte & Co. ('GDA') have jointly audited the attached consolidated balance sheet of Shriram Transport Finance Company Limited ('the Company'), its Subsidiaries and Associate (collectively referred to as 'the Group'), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date (collectively 'Financial Statements') annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the associate company, Shriram Asset Management Company Limited whose financial statements reflect net loss after tax of Rs. 2.39 lacs for the year ended March 31, 2011. These financial statements and other financial information have been audited by other auditors' whose report has been furnished to us, and our opinion is based solely on the report of other auditors'.
4. We did not jointly audit the financial statements of Subsidiaries, whose financial statements reflect total assets of Rs. 80,057.18 lacs as at 31st March 2011, the total revenue of Rs. 8,232.80 lacs and net cash inflows amounting to Rs. 13,689.82 lacs for the year then ended. The financial statements of the subsidiaries, Shriram Equipment Finance Company Limited and Shriram Automall India Limited have been audited by S.V. Ghatalia & Associates, Chartered Accountants and G. D. Apte & Co. Chartered Accountants, respectively, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on reports of respective auditors.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated financial statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
6. Based on our audit and on consideration of reports of other auditors' on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & Co.

Firm Registration No:- 301003E
Chartered Accountants

per Shrawan Jalan
Partner

Membership No.:102102
Mumbai
April 29, 2011

For G. D. Apte & Co.

Firm Registration No:- 100515W
Chartered Accountants

C. M. Dixit
Partner

Membership No.: 17532
Mumbai
April 29, 2011



Consolidated Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011	(Rs. in lacs) As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	22,618.47	22,554.18
Share application money pending allotment		-	5.22
Stock option outstanding	2	354.55	757.02
Reserves and surplus	3	466,363.03	361,095.63
Loan Funds			
Secured loans	4	1,516,937.59	1,517,248.07
Unsecured loans	5	501,233.71	328,742.89
Total		2,507,507.35	2,230,403.01
APPLICATION OF FUNDS			
Fixed and intangible assets			
Gross block	6	10,322.43	9,762.22
Less : Accumulated depreciation and amortisation		6,043.61	5,117.71
Net block		4,278.82	4,644.51
Capital W-I-P		278.81	4.55
		4,557.63	4,649.06
Investments	7	348,244.22	185,561.94
Deferred tax Assets (net) (Refer note 2(9) of Schedule 22)		15,416.68	7,472.94
Current Assets, Loans and Advances			
- Inventories of vehicles		1,293.61	-
- Assets under financing activities		2,049,282.99	1,797,924.87
- Cash and Bank Balances		376,416.72	453,948.97
- Other current assets		5,799.40	5,024.96
		2,432,792.72	2,256,898.80
Other Loans and advances	9	404,653.52	239,151.30
		2,837,446.24	2,496,050.10
Less : Current Liabilities & Provisions			
Current liabilities	10	576,443.72	382,457.42
Provisions	11	125,408.19	84,582.30
		701,851.91	467,039.72
Net Current Assets		2,135,594.33	2,029,010.38
Miscellaneous expenditure (to the extent not written off or adjusted)	12	3,694.49	3,708.69
Total		2,507,507.35	2,230,403.01
Significant Accounting Policies and Notes to Accounts	22		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

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

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

per Shrawan Jalan
Partner
Membership No. 102102

C. M. Dixit
Partner
Membership No. 17532

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Consolidated Profit and Loss account for the year ended March 31, 2011

	Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
(Rs. in lacs)			
INCOME			
Income from operations	13	531,233.91	439,905.59
Other income	14	19,964.26	9,688.19
Total		551,198.17	449,593.78
EXPENDITURE			
Interest & other charges	15	227,432.16	224,681.22
Adjustment due to decrease/(increase) in inventory of vehicles	16	(1,293.61)	-
Raw material consumed	17	-	-
Purchase of vehicles		6,924.22	-
Refurbishment expenses		271.54	-
Personnel expenses	18	37,106.86	22,508.15
Operating & other expenses	19	39,038.74	27,258.49
Depreciation and amortisation		1,129.04	1,495.84
Share & Debenture issue expenses written off	20	1,199.37	505.63
Provisions & write offs (net)	21	55,635.75	40,687.71
Total		367,444.07	317,137.04
Profit before taxation		183,754.10	132,456.74
Provision for taxation			
Current tax		69,985.67	49,980.20
Deferred tax (Refer note 2(9) of Schedule 22)		(7,943.74)	(4,833.46)
Total tax expense / (income)		62,041.93	45,146.74
Net profit after tax		121,712.17	87,310.00
Share of Losses of Associate		(0.95)	(7.44)
Net profit after taxes and Share of (Loss) of Associate		121,711.22	87,302.56
Balance brought forward from previous year		93,175.18	58,309.25
Profit available for appropriation		214,886.40	145,611.81
Appropriations			
Interim dividend		5,638.46	4,254.76
Final dividend		-	325.18
Proposed Final dividend		9,046.43	9,020.71
Tax on dividend		936.45	778.36
Tax on proposed dividend		1,502.50	1,498.25
Transfer to debenture redemption reserve		21,381.60	10,442.08
Transfer to statutory reserve		24,623.15	17,500.00
Transfer to general reserve		12,300.00	8,800.00
Surplus carried to Balance Sheet		139,457.81	92,992.47
Earnings per share (Refer note 2(8) of Schedule 22)			
Basic (Rs.)		53.92	41.08
Diluted (Rs.)		53.85	40.91
Nominal value of equity share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes to Accounts 22			
The schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date
For S.R.BATLIBOI & Co.
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Chartered Accountants

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For and on behalf of the Board of Directors of
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R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Consolidated Cash Flow Statement for the year ended March 31, 2011

Particulars	(Rs. in lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	183,754.10	132,456.74
Depreciation and amortisation	1,129.04	1,495.84
Issue expenses for equity shares	152.96	25.28
Public issue expenses for non convertible debentures	1,046.41	473.42
(Profit) / loss on sale of fixed assets (net)	36.73	(62.40)
(Profit) / loss on sale of current and long term investments (net)	(6,415.09)	(1,812.65)
Interest income on current and long term investments and interest income on fixed deposits	(10,321.46)	(3,182.24)
Dividend income	(2.13)	(874.71)
Employees Stock option compensation cost	116.85	341.30
Provision for credit loss on securitisation	21,559.32	7,971.84
Provisions for non performing assets and bad debt written off	29,750.36	33,244.87
Provision for standard assets	5,040.24	-
Provision for gratuity	301.10	148.71
Provision for leave encashment	528.51	146.44
Premium on Government Securities (Miscellaneous Expenses)	3.40	-
Amortisation of Discount on Government Securities	(52.64)	-
Provision for diminution in value of investments	(79.87)	20.34
Operating profit before working capital changes	226,547.83	170,392.78
Movements in working capital:		
(Increase) / decrease in current assets:		
(Increase) / decrease in inventories	-	126.81
Adjustment due to decrease/(increase) in stock of vehicles	(1,293.61)	-
(Increase) / decrease in assets under financing activities	(273,949.68)	(20,308.73)
(Increase) / decrease in sundry debtors	-	399.24
(Increase) / decrease in other current assets	(374.46)	(1,008.93)
(Increase) / decrease in other loans and advances	(166,048.40)	(200,157.63)
Increase / (decrease) in current liabilities	199,458.02	185,952.25
Cash generated from operations	(15,660.30)	135,395.79
Direct taxes paid (net of refunds)	(69,164.30)	(48,629.30)
Net cash used in operating activities (A)	(84,824.60)	86,766.49
B CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Fixed deposits (net)	9,050.15	(88,988.21)
Purchase of fixed and intangible assets	(827.80)	(629.41)
Proceeds from sale of fixed assets	27.72	7,973.48
Purchase of Investment	(7,091,350.39)	(2,501,835.74)
Proceeds from sale of investments	6,935,672.41	2,383,738.05
(Increase) / decrease in Capital W-I-P	(274.26)	-
Interest received on current and long term investments and interest on fixed deposits	9,921.47	2,900.16
Dividend received	2.13	874.71
Net cash used in investing activities (B)	(137,778.57)	(195,966.96)



Consolidated Cash Flow Statement for the year ended March 31, 2011 (Contd.)

Particulars	(Rs. in lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital including securities premium & Share application	219.77	80,799.14
Increase / (decrease) in bank borrowings (net)	(24,915.47)	(110,368.29)
Increase / (decrease) in long term borrowings from others (net)	(14,773.99)	(68,604.27)
Increase / (decrease) in fixed deposits (net)	101,466.73	10,991.07
Increase / (decrease) in subordinate debts (net)	123,217.50	51,823.24
Increase / (decrease) in redeemable non convertible debentures (net)	(10,299.48)	408.53
Increase / (decrease) in inter corporate deposits and commercial papers (net)	(2,514.95)	(50,390.48)
Issue expenses for equity shares paid	(11.05)	(1,414.53)
Public issue expenses for non convertible debentures paid	(1,174.12)	(2,690.64)
Dividend paid	(14,659.17)	(12,720.40)
Tax on dividend	(2,434.70)	(2,161.83)
Net cash from financing activities (C)	154,121.07	(104,328.46)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(68,482.10)	(213,528.93)
Cash and Cash Equivalents at the beginning of the year	247,525.33	461,054.26
Cash and Cash Equivalents at the end of the year	179,043.23	247,525.33

Components of Cash and Cash Equivalents	(Rs. in lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR AS PER BALANCE SHEET		
i) Cash on hand	3,123.51	7,818.91
ii) Cheques on hand	2,884.97	2,220.79
iii) Remittances in transit	-	9.48
iv) Balances with scheduled banks in:		
Current accounts	93,840.14	166,023.27
Balance held in escrow account *	100.07	0.07
Unpaid dividend accounts *	382.44	274.83
Deposit accounts		
Free of lien	93,833.46	71,645.27
Under lien	182,252.13	205,956.35
Less: Fixed deposits held for more than three months	15,121.35	467.28
Less: Fixed deposit under lien	182,252.13	205,956.35
	179,043.23	247,525.33

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liability and balance held in escrow account.

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

For G. D. Apte & Co.
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For and on behalf of the Board of Directors of
Shriram Transport Finance Company Limited

per Shrawan Jalan
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R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Schedules forming part of the Consolidated Balance Sheet

	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
Schedule 1 - SHARE CAPITAL		
Authorised		
335,000,000 (March 31, 2010 : 335,000,000) Equity Shares of Rs.10/- each	33,500.00	33,500.00
20,000,000 (March 31, 2010 : 20,000,000) Preference Shares of Rs.100/- each	20,000.00	20,000.00
	53,500.00	53,500.00
Issued, Subscribed & Fully Paid up		
Equity Shares		
226,160,668 (March 31, 2010 : 225,517,818) equity shares of Rs. 10/- each	22,616.07	22,551.78
Of the above :		
i) 79,279,236 (March 31, 2010: 79,279,236) equity shares of Rs.10/- each allotted for consideration other than cash pursuant to the schemes of amalgamation.		
ii) 3,600,650 (March 31, 2010 : 2,957,800) equity shares of Rs.10/- each have been issued under employee stock option scheme.		
[Refer note 2(12) of Schedule 22]		
Add : Share forfeiture [48,000 (March 31, 2010: 48,000) equity shares of Rs.10/- each (Rs 5/- each paid up forfeited)]	2.40	2.40
	22,618.47	22,554.18
Schedule 2 - STOCK OPTION OUTSTANDING		
Employee stock option outstanding	426.74	955.97
Less : Deferred employee compensation outstanding	72.19	198.95
	354.55	757.02
Schedule 3 - RESERVES AND SURPLUS		
Capital Reserve	17.03	17.03
Capital Redemption Reserve	5,388.35	5,388.35
Debenture Redemption Reserve		
Balance as per last account	10,442.08	-
Add: Transfer from Profit & Loss Account	21,381.60	10,442.08
	31,823.68	10,442.08
Securities Premium Account		
Balance as per last account	174,419.57	91,689.29
Add: Amount received during the year	680.02	82,730.28
	175,099.59	174,419.57
Statutory Reserve		
Balance as per last account	51,399.79	33,899.79
Add: Transfer from Profit & Loss Account	24,623.15	17,500.00
	76,022.94	51,399.79
General Reserve		
Balance as per last account	26,253.63	17,453.63
Add: Transfer from Profit & Loss Account	12,300.00	8,800.00
	38,553.63	26,253.63
Balance in Profit & Loss Account	139,457.81	92,992.47
Add: Share of profit in Associate upto March 31, 2009	-	182.71
	139,457.81	93,175.18
	466,363.03	361,095.63

Schedules forming part of the Consolidated Balance Sheet (Contd.)

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
Schedule 4 - SECURED LOANS		
Redeemable non convertible debentures # [Refer note 2(1)(a)(i)(ii)(iii) (iv) of Schedule 22]	475,288.39	483,087.87
Term loans		
i) From Financial institutions / Corporates [Refer note 2(1)(b)(i) of Schedule 22]	25,414.44	12,188.42
ii) From banks [Refer note 2(1)(b)(ii) of Schedule 22]	967,999.97	929,935.14
Cash credit from banks including working capital demand loan [Refer note 2(1)(c) of Schedule 22]	48,234.79	92,036.64
	1,516,937.59	1,517,248.07
Schedule 5 - UNSECURED LOANS		
Fixed deposits [Due within one year Rs. 18,799.32 lacs (March 31, 2010 : Rs. 2,705.07 lacs)]	112,946.23	11,479.51
Inter corporate deposits [Due within one year Rs. 1.73 lacs (March 31, 2010 : Rs.14.42 lacs)]	1.73	16.68
Subordinated debts		
i) From banks [Due within one year Nil (March 31, 2010 : Nil)]	36,250.00	33,530.00
ii) From others ## [Due within one year Rs. 13,400.53 lacs (March 31, 2010 : Rs. 19,098.45 lacs)]	293,566.99	173,069.49
Redeemable non-convertible debentures from other than banks (Redeemed at par on September 25, 2010 as per the terms of the issue) [Due within one year Rs. Nil (March 31, 2010 : Rs. 2,500.00 lacs*)]	-	2,500.00
Commercial papers from other than banks [Due within one year Rs. Nil (March 31, 2010 : Rs. 2,500.00 lacs)] [Maximum amount raised at anytime during the period : Rs. 12,500.00 lacs (March 31, 2010 : Rs. 48,250.00 lacs)]	-	2,500.00
Term loan		
i) From banks [Due within one year Rs. 40,294.74 lacs (March 31, 2010 : Rs. 29,178.45 lacs)]*	51,468.76	70,647.21
ii) From corporates [Due within one year Rs. 7,000.00 lacs (March 31, 2010 : Rs. 35,000.00 lacs)]*	7,000.00	35,000.00
	501,233.71	328,742.89

includes Rs. 4.74 lacs from Managing Director (March 31, 2010 : Rs. Nil)

includes Rs. 12.31 lacs from Managing Director (March 31, 2010 : Rs. Nil)

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



Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 6 - FIXED AND INTANGIBLE ASSETS

Particulars	Gross Block				Depreciation / Amortisation				Impairment losses			Net Block			
	As at April 1, 2010	Additions during the year	Deletions during the year	Adjustment	As at Mar 31, 2011	As at April 1, 2010	For the year	Deletions	Adjustment	As at Mar 31, 2011	As at April 1, 2010	Additions	Deletions	As at Mar 31, 2011	As at April 1, 2010
	(Rs. in lacs)														
OWN USE															
Land - Freehold	10.18	-	-	-	10.18	-	-	-	-	-	-	-	-	10.18	10.18
Buildings	449.31	-	-	76.51	525.82	7.32	46.61	-	-	110.66	-	-	-	415.16	392.58
Plant and Machinery	3,237.49	115.78	84.39	-	3,288.88	401.09	60.62	-	-	1,698.84	-	-	-	1,570.04	1,879.12
Furniture and Fixtures	1,249.53	131.34	23.69	-	1,357.18	74.94	16.04	-	-	597.78	-	-	-	759.40	710.65
Vehicles	173.08	60.77	55.95	-	177.90	17.18	31.70	-	-	85.15	-	-	-	92.75	73.41
Leasehold Improvement	3,747.74	390.16	103.56	-	4,034.34	569.85	94.78	-	-	2,951.40	-	-	-	1,082.94	1,271.41
INTANGIBLE ASSETS															
Trademark	-	4.64	-	-	4.64	0.27	-	-	-	0.27	-	-	-	4.37	-
Computer Software	606.72	125.11	-	-	731.83	54.83	-	-	-	592.27	-	-	-	139.56	69.28
Total (A)	9,474.05	827.80	267.59	76.51	10,110.77	1,125.48	203.14	46.61	6,036.37	-	-	-	-	4,074.40	4,406.63
ASSETS GIVEN ON OPERATING LEASE															
Land	69.75	-	-	-	69.75	-	-	-	-	-	-	-	-	69.75	69.75
Buildings	218.42	-	-	(76.51)	141.91	3.56	(46.61)	-	-	7.24	-	-	-	134.67	168.13
Total (B)	288.17	-	-	(76.51)	211.66	3.56	(46.61)	-	-	7.24	-	-	-	204.42	237.88
Total (A)+(B)	9,762.22	827.80	267.59	-	10,322.43	1,129.04	203.14	-	-	6,043.61	-	-	-	4,278.82	4,644.51
Year ended March 31, 2010	24,050.08	624.86	14,912.72	-	9,762.22	1,495.84	6,429.76	-	-	5,117.71	571.88	-	571.88	-	4,644.51

Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS

Particulars	Quantity		Amount	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Long Term Investments (At cost)*				
Trade				
Shares : Fully paid up				
Unquoted - Preference Share				
Mahaveer Finance India Limited (10% Cumulative Redeemable Preference Share of Rs 10/- each) (Sold during the year)	-	100,000	-	10.00
Other than trade				
A Government Securities [Refer note 2(7) of Schedule 22]				
Quoted				
6.13% GOI Loan 2028 (Face Value - Rs.176.00 Lacs)	176,000	176,000	176.00	178.55
6.35% GOI Loan 2020 (Face Value - Rs. 2,000.00 Lacs)	2,000,000	2,000,000	2,000.00	1,847.00
6.49% GOI Loan 2015 (Face Value - Rs. 500.00 Lacs)	500,000	500,000	500.00	480.00
7.02% GOI Loan 2016 (Face Value - Rs. 400.00 Lacs)	400,000	400,000	400.00	391.30
7.40% GOI Loan 2012 (Face Value - Rs. 13.50 Lacs)	13,500	13,500	13.50	15.27
8.24% GOI Loan 2027 (Face Value - Rs. 500.00 Lacs)	500,000	500,000	500.00	496.40
11.50% Tamilnadu Loan 2010 (Face Value - Rs. 0.06 Lacs) (Redeemed during year)	-	60	-	0.06
12.00% Tamilnadu Loan 2011 (Face Value - Rs. 3.00 Lacs)	3,000	3,000	3.00	3.03
12.40% GOI Loan 2013 (Face Value - Rs.85.00 Lacs)	85,000	85,000	85.00	86.09
Purchased during the year				
6.35 % GOI Loan 2020 (Face Value - Rs. 500.00 Lacs)	500,000	-	500.00	-
6.90% GOI Loan 2019 (Face Value - Rs. 5,000.00 Lacs)	5,000,000	-	5,000.00	-
7.80% GOI Loan 2020 (Face Value - Rs. 2,500.00 Lacs)	2,500,000	-	2,500.00	-
8.13% GOI Loan 2022 (Face Value - Rs. 2,500.00 Lacs)	2,500,000	-	2,500.00	-
8.26% GOI Loan 2027 (Face Value - Rs. 2,500.00 Lacs)	2,500,000	-	2,524.67	-
B. Shares : Fully paid up				
a) Quoted - Equity shares fully paid up				
Shriram Asset Management Company Limited (Face value of Rs. 10/-each) #	2,400,000	2,400,000	240.00	240.00
Cost of investment (including Rs. Nil of Goodwill / Capital Reserve)				
Add:-Share of post acquisition profit			174.32	175.27
			414.32	415.27
b) Unquoted - Equity shares				
State Industrial Investment Corporation of Maharashtra Limited (Face value of Rs.10/- each)	50,000	50,000	40.00	40.00
Credential Finance Limited (Face value of Rs.10/-each)	25,000	25,000	25.00	25.00
Ashley Transport Services Limited (Face value of Rs.100/- each)	225,000	225,000	142.50	142.50
C Unquoted-Pass Trough Certificates				
Corporate Loan Securitization series XXXIII Trust 2006 (Face value Rs. 4,017.84 lacs, annualised yield NSEMIBOR + 800 bps subject to floor of 9.20% p.a. and cap of 9.40% p.a.)	-	40	-	4,284.55
ISTF Loan Trust (Purchased during the year) (Face value of Rs. 7,000.00 lacs, Fixed Discount Rate of 8.4% XIRR)	70	-	7,424.18	-
D Unquoted- Venture Capital Fund				
ICICI Investment Management Company Limited (Purchased 5,000 units, Face Value - Rs. 10,000/- each)	5,000	-	500.00	-



Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Particulars	Quantity	Quantity	Amount	Amount
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
E Unquoted -Investment in Subordinate Debts				
Yes Bank Limited (Purchased 500 units, Face value Rs. 10/- lacs each)	500	-	5,000.00	-
Current Investments (At lower of cost and fair value) *				
Other than trade				
a) Quoted: Treasury Bills				
91 Days T Bill 15th April 2011 (Face value -Rs.0.50 Lacs) (Purchased during the year)	50,000	-	0.49	-
b) Investment in Certificate of Deposit with Banks - Unquoted				
Allahabad Bank	29,500	15,000	28,899.98	14,802.47
Bank of Maharashtra	15,000	-	14,681.75	-
Canara Bank	70,500	23,500	68,886.10	23,112.01
Central Bank of India	37,500	4,000	36,686.34	3,944.22
Corporation Bank	10,000	12,500	9,768.53	12,317.12
Dhanlaxmi Bank	5,000	-	4,905.63	-
Federal Bank Limited	10,000	-	9,568.82	-
HDFC Bank Limited	-	20,000	-	18,830.98
ICICI Bank Limited	-	26,500	-	26,201.29
Industrial Development Bank of India Limited	7,500	7,500	7,330.00	7,400.37
Indian Overseas Bank	30,000	-	29,384.42	-
Punjab & Sindh Bank	5,000	-	4,844.71	-
Punjab National Bank	40,000	25,000	39,097.67	24,627.78
State Bank of Mysore	-	12,000	-	11,646.54
State Bank of Patiala	-	2,500	-	2,427.79
State Bank of Travancore	-	5,000	-	4,911.18
Syndicate Bank	-	17,500	-	17,352.25
UCO Bank	50,000	-	48,826.93	-
Union Bank of India	-	10,000	-	9,572.92
Vijaya Bank	15,500	-	15,114.68	-
			348,244.22	185,561.94
Aggregate Value of Quoted Investments				
Cost of acquisition [after adjustment of discount (net) of Rs. 590.16 lacs, (March 31, 2010: Rs. Nil) on government securities]			16,352.50	3,737.70
Market Value			16,662.27	4,030.61
Aggregate Value of Unquoted Investments				
Cost			331,127.24	181,648.97

* For provision, if any, in respect of diminution in value, refer Schedule 21

These shares are subject to restrictive covenants of regulatory authority.

Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

Details of Investments Purchased and Redeemed during the year ended March 31, 2011

Current Investment

Investments in Mutual Fund	Quantity	(Rs. in lacs)
		Amount (at Cost)
AIG India Liquid Fund Super Institutional Growth	837,635.96	10,000.00
Axis Liquid Fund - Institutional Growth	14,014,533.38	147,400.00
Baroda Pioneer Liquid Fund - Institutional Growth Plan	695,306,154.09	84,900.00
Bharti AXA Liquid Fund - Super Institutional Plan Growth	821,499.20	9,000.00
Birla Sun Life Cash Plus - Institutional Premium - Growth	808,101,326.69	122,700.00
Canara Rebeco Liquid Super Institutional Growth Fund	788,589,101.50	91,300.00
Daiwa Liquid Fund - Institutional Plan - Growth Option	292,226.93	3,200.00
DSP Black Rock Liquidity Fund - Institutional Plan - Growth	1,284,209.65	17,500.00
DWS Insta Cash Plus Fund- Super Institutional Plan Growth	694,385,988.30	101,100.00
Fidelity Cash Fund (Super Institutional) Growth	126,631,455.84	16,500.00
Fortis Overnight - Institutional Growth	817,198,535.40	120,500.00
Fortis Overnight - Institutional Plus Growth	209,170,082.26	21,000.00
HDFC Liquid Fund - Premium Plan - Growth	741,003,269.86	142,200.00
HSBC Cash Fund - Institutional Plus - Growth	237,883,030.84	34,500.00
ICICI Prudential Flexible Income Plan Premium - Growth	5,655.36	10.00
ICICI Prudential Liquid Super Institutional Plan - Growth	234,869,452.02	330,800.00
IDBI Liquid Fund - Growth	1,187,300,903.89	140,600.00
IDFC Cash Fund - Super Institutional Plan C - Growth	711,705,394.08	82,500.00
ING Liquid Fund Super Institutional - Growth option	176,445,943.52	24,900.00
JM High Liquidity Fund - Super Institutional Plan Growth	1,473,158,869.13	219,500.00
JP Morgan India Liquid Fund- Super Institutional Growth Plan	1,778,826,662.93	218,500.00
Kotak Floater Short Term - Growth	397,472,347.51	62,300.00
Kotak Liquid Institutional Premium Growth	450,355,688.24	88,100.00
L&T Liquid Super Institutional Plan Cumulative	736,823,011.49	97,500.00
LIC MF Interval Fund-Monthly Growth Plan	20,435,020.72	2,500.00
LIC MF Liquid Fund - Growth Plan	1,971,818,323.96	340,700.00
Paramerica Liquid Fund - Growth Plan	133,064,396.49	101,200.00
Peerless Liquid Fund Super - Institutional Growth	3,563,488,714.54	372,700.00
Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Growth	353,294,239.04	52,100.00
Principal Money Manager Fund - Institutional - Growth Plan - Dec 07	23,467,788.11	2,500.00
Reliance Liquid Fund - Growth option	1,727,439,001.24	247,900.00
Religare Liquid Fund - Super Institutional Growth	982,005,853.54	165,100.00
Religare Overnight Fund - Growth Plan	34,920,468.63	4,000.00
SBI - Magnum Insta Cash Fund - Cash option	911,902,622.43	192,700.00
SBNPP Money Fund Super Institutional Growth	459,146,547.65	92,000.00
Shinsei Liquid Fund - Institutional Plan - Growth Option	3,696,220.94	39,000.00
Tata Liquid Super High Investment Fund - Appreciation	14,647,138.99	256,100.00
Taurus Liquid Fund - Super Institutional Growth	11,144,498.21	113,500.00
Templeton India Treasury Management Account Super Institutional Plan - Growth	6,891,839.89	98,000.00
UTI Liquid Cash Plan Institutional - Growth Option	8,045,391.76	124,000.00
UTI Money Market Mutual Fund - Institutional Growth Plan	10,415,027.89	113,500.00
Total	22,518,306,072.10	4,504,010.00



Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Investments in Certificate of Deposit	Quantity	Amount (at Cost)
Allahabad Bank	165,500.00	162,783.02
Andhra Bank	65,000.00	63,628.84
Axis Bank Limited	12,500.00	12,264.16
Bank of Baroda	37,000.00	36,142.83
Bank of India	10,000.00	9,674.80
Bank of Maharashtra	53,500.00	52,696.65
Canara Bank	202,500.00	198,674.31
Central Bank of India	138,000.00	135,829.17
Corporation Bank	59,500.00	58,731.55
Dena Bank	87,900.00	85,651.48
Dhanlaxmi Bank	10,000.00	9,908.78
Federal Bank Limited	22,500.00	22,428.56
HDFC Bank Limited	91,000.00	89,218.00
ICICI Bank Limited	185,500.00	183,419.18
IDBI Bank Limited	80,500.00	78,125.85
Indian Bank	6,000.00	5,941.94
Indian Overseas Bank	5,000.00	4,859.65
Indusind Bank Limited	8,500.00	8,470.28
ING Vysya Bank	32,000.00	31,720.59
Karur Vysya Bank Limited	10,000.00	9,987.09
Kotak Mahindra Bank Limited	30,500.00	30,395.75
Oriental Bank of Commerce	77,500.00	75,849.80
Punjab & Sindh Bank	45,000.00	44,608.97
Punjab National Bank	173,500.00	171,150.75
State Bank of Bikaner and Jaipur	16,000.00	15,648.70
State Bank of Hyderabad	2,500.00	2,449.27
State Bank of India	30,000.00	29,479.75
State Bank of Indore	10,000.00	9,965.60
State Bank of Mysore	5,000.00	4,908.64
State Bank of Patiala	33,000.00	32,666.53
State Bank of Travancore	26,500.00	26,077.19
Syndicate Bank	136,000.00	134,460.18
Union Bank of India	23,500.00	23,165.35
United Bank of India	78,500.00	77,638.29
United Commercial Bank	142,500.00	140,552.24
Vijaya Bank	25,000.00	24,682.23
Yes Bank Limited	60,500.00	59,874.24
Total	2,197,900.00	2,163,730.21



Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Investments in Treasury Bill	Quantity	Amount (at Cost)
7.1443% T Bill 15th April 2011	2,000,000.00	1,965.20
7.1443% T Bill 15th April 2011	500,000.00	491.30
7.1443% T Bill 15th April 2011	1,847,000.00	1,814.68
7.1443% T Bill 15th April 2011	76,750.00	75.41
91 Days T Bill 15th April 2011	1,923,250.00	1,891.05
364 Days T Bill 10th February 2012	2,000,000.00	1,863.42
364 Days T Bill 10th February 2012	500,000.00	465.86
364 Days T Bill 24th February 2012	2,000,000.00	1,858.00
364 Days T Bill 24th February 2012	500,000.00	464.50
Total	11,347,000.00	10,889.42

(Rs. in lacs)

Investments in Government Securities	Quantity	Amount (at Cost)
07.80% GOI Loan 2020	1,500,000.00	1,473.92
08.13% GOI Loan 2022	1,500,000.00	1,520.91
Total	3,000,000.00	2,994.83

(Rs. in lacs)

Investments in Debentures	Quantity	Amount (at Cost)
Power Finance Corporation Limited	250.00	2,500.00
Infotel Broadband Services Limited	500.00	5,000.00
Export Import Bank of India	650.00	6,500.00
Infotel Broadband Services Limited	250.00	2,477.19
ETHL Communications Holdings Limited	500.00	4,902.12
Total	2,150.00	21,379.31

(Rs. in lacs)

Investments in Commercial Paper	Quantity	Amount (at Cost)
JM Financial Products Limited	3,000.00	14,965.56
JM Financial Products Limited	3,000.00	14,962.70
India Infoline Limited	1,000.00	4,985.66
Religare Finvest Limited	2,000.00	9,898.16
Total	9,000.00	44,812.08



Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

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

Current Investment

(Rs. in lacs)

Investments in Mutual Fund	Quantity	Amount (at Cost)
AIG India Liquid Fund Super Institutional Daily Dividend	899,100.90	9,000.00
AIG India Liquid Fund Super Institutional Growth	1,064,671.96	12,500.00
Axis Liquid Fund - Growth	4,405,630.20	44,500.00
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	99,937,039.67	10,000.00
Baroda Pioneer Liquid Fund - Institutional Growth Plan	95,736,939.52	10,000.00
Bharti AXA Liquid Fund-Super Institutional Daily Dividend Plan	1,500,000.00	15,000.00
Bharti AXA Liquid Fund-Super Institutional Growth Plan	1,371,440.87	15,000.00
Birla Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	194,620,490.04	19,500.00
Birla Sunlife Cash Plus- Institutional Premium Growth Plan	219,648,862.73	32,000.00
Black Rock Liquidity Fund-Institutional Plan -Daily Dividend	949,810.04	9,500.00
Canara Robeco Liquid Super Institutional Growth Fund	207,735,951.68	23,000.00
DBS Chola Institutional-Daily Dividend Reinvestment Plan	123,710,932.09	12,500.00
DBS Chola Liquid Super Institutional Plan Cumulative - Growth	92,503,020.15	11,500.00
DSP Blackrock Cash Manager Fund- Institutional Growth	86,480.04	1,000.00
DSP Blackrock Liquidity Fund- Institutional Growth	1,954,495.06	25,500.00
DWS Insta Cash Plus Fund- Super Institutional Plan Growth	304,373,588.11	36,000.00
DWS Insta Cash Plus Fund-Super Institutional Plan Daily Dividend	284,158,596.39	28,500.00
Fortis Money Plus Institutional Growth	72,741,556.52	10,000.00
Fortis Overnight Institutional Plus Daily Dividend	254,923,522.94	25,500.00
Fortis Overnight Institutional Plus Growth	582,842,031.66	65,000.00
GCCD IDFC Cash Fund-Super Inst Plan C - Growth	311,067,850.42	34,500.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	69,982,504.37	7,000.00
GCCD IDFC Cash Fund-Super Inst Plan C-Daily Dividend	49,987,503.12	5,000.00
HDFC Liquid Fund Premium Plan -Dividend - Daily Reinvestment	285,485,897.00	35,000.00
HDFC Liquid Fund Premium Plan Growth	437,250,379.74	80,000.00
HSBC Cash Fund - Institutional Plus - Growth	138,829,680.29	19,500.00
HSBC Cash Fund-Institutional Plus-Daily Dividend	114,935,636.04	11,500.00
ICICI Prudential Flexible Income Plan Premium - Growth	5,882,266.44	10,000.00
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	130,424,059.39	85,000.00
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend	399,923,016.00	40,000.00
ING Liquid Fund Super Institutional - Daily Dividend Option	94,954,421.88	9,500.00
ING Liquid Fund Super Institutional Growth Option	180,006,270.97	24,500.00
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend (92)	144,761,144.11	14,500.00
JM High Liquidity Fund - Super Institutional Plan Growth	220,782,313.01	31,500.00
JP Morgan India Liquid Fund Super Institutional Growth Plan	211,914,852.79	25,000.00
JPLDI-JPMorgan India Liquid Fund-Super Institutional Daily Dividend Plan-Reinvestment	169,865,806.01	17,000.00
Kotak Liquid - Institutional Premium - Growth	362,189,588.47	67,000.00
Kotak Liquid (Institutional Premium) - Daily Dividend	155,379,821.89	19,000.00
L&T Liquid Super Institutional Plan - Cumulative - Growth	31,704,582.40	4,000.00
LIC Mutual Fund Liquid Fund - Dividend Plan	72,859,081.43	8,000.00
LIC Mutual Fund Liquid Fund - Growth Plan	867,957,627.39	145,500.00
NLFSD Canara Robeco Liquid Super Institutional Daily Dividend Reinvestment Fund	129,469,176.38	13,000.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan-Dividend Reinvestment Daily	174,987,750.85	17,500.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan Growth	133,918,506.55	19,000.00
Reliance Liquid Fund - Growth Option	613,863,994.07	84,500.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	449,860,543.24	45,000.00
Religare Liquid Fund Super Institutional Daily Dividend	259,833,706.43	26,000.00
Religare Liquid Fund Super Institutional Growth	446,401,969.42	56,000.00



Schedules forming part of the Consolidated Balance Sheet (Contd.)

Schedule 7 - INVESTMENTS (Contd.)

(Rs. in lacs)

Investments in Mutual Fund	Quantity	Amount (at Cost)
SBI - Magnum Insta Cash Fund - Daily Dividend Option	89,655,843.34	11,000.00
SBI Magnum Insta Cash Fund - Cash Option - Growth	341,591,864.72	69,500.00
SBI Premium Liquid Fund - Super Institutional - Growth	104,911,718.01	15,000.00
SBNPP Money Fund Super Institutional Growth	67,616,736.57	13,000.00
SBNPP Money Fund Super Institutional Daily Dividend Reinvestment	74,291,997.26	7,500.00
Shinsei Liquid Fund Institutional Daily Dividend Plan	130,504,917.24	18,500.00
Shinsei Liquid Fund Institutional Growth	11,116,207.32	13,500.00
Shinsei Treasury Advantage Fund Growth	100,000.00	1,000.00
Tata Liquid Super High Investment Fund -Daily Dividend	3,633,851.34	40,500.00
Tata Liquid Super High Investment Fund - Appreciation	5,754,507.77	97,000.00
Taurus Liquid Fund Super Institutional Daily Dividend Plan	74,999,800.00	7,500.00
Taurus Liquid Fund Super Institutional Growth	145,336,802.75	20,000.00
Templeton India Treasury Management Account Super Institutional Plan - Growth	1,038,614.51	14,000.00
Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	1,249,159.32	12,500.00
UTI Floating Rate Fund - Short Term Plan - Institutional Growth Option	967,736.91	10,000.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	1,471,387.83	15,000.00
UTI Liquid Cash Plan Institutional - Growth Option	4,432,338.36	66,500.00
Total	10,268,317,593.92	1,801,500.00

(Rs. in lacs)

Investment in Certificate of Deposit	Quantity	Amount (at Cost)
Allahabad Bank	22,500	22,014.28
Andhra Bank	28,500	28,223.37
Axis Bank Limited	14,500	14,154.67
Bank of Baroda	500	499.24
Bank of India	10,000	9,862.09
Bank of Maharashtra	5,000	4,994.73
Canara Bank	40,000	39,436.86
Central Bank of India	2,500	2,420.62
Corporation Bank	35,000	34,496.86
Federal Bank Limited	5,500	5,388.88
ICICI Bank Limited	28,000	27,165.75
IDBI Bank Limited	5,000	4,817.10
IndusInd Bank Limited	12,500	12,412.09
Jammu & Kashmir Bank	500	499.79
Kotak Mahindra Bank Limited	4,500	4,391.76
Oriental Bank of Commerce	5,000	4,963.36
Punjab & Sind Bank	40,000	39,617.53
Punjab National Bank	88,000	85,911.59
State Bank of Bikaner and Jaipur	5,000	4,805.90
State Bank of Hyderabad	16,500	16,218.89
State Bank of Mysore	10,000	9,749.63
State Bank of Patiala	10,000	9,734.63
State Bank of Travancore	9,000	8,581.11
Syndicate Bank	29,900	29,630.78
United Bank of India	72,500	71,679.28
Yes Bank Limited	22,500	21,799.91
Total	522,900	513,470.70



Schedules forming part of the Consolidated Balance Sheet (Contd.)

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
Schedule 8 - CURRENT ASSETS, LOANS & ADVANCES		
Inventories of vehicles (at lower of cost and net realisable value)	1,293.61	-
Assets under financing activities (considered good unless stated otherwise)		
Secured		
Hypothecation loans*	2,009,830.21	1,773,363.05
Other loans	984.49	1,216.58
Unsecured		
Unsecured loans ** ^	37,938.19	23,217.03
Advance - hypothecation loans	530.09	128.21
	2,049,282.99	1,797,924.87
*[Includes non performing assets Rs. 51,967.80 lacs (March 31, 2010 Rs. 51,117.19 lacs)]		
**[Includes non performing assets Rs. 889.98 lacs (March 31, 2010 Rs. 9.46 Lacs)]		
Cash & bank balances		
i) Cash on hand	3,123.51	7,818.91
ii) Cheques on hand	2,884.97	2,220.79
iii) Remittances in transit	-	9.48
iv) Balances with scheduled banks in:		
Current accounts	94,322.65	166,298.17
Deposit accounts		
- Free of lien	93,833.46	71,645.27
- Under lien #	182,252.13	205,956.35
	376,416.72	453,948.97
Other current assets		
Interest accrued on investments	731.16	666.89
Interest accrued on fixed deposits and other loans and advances	5,068.24	4,358.07
	5,799.40	5,024.96
	2,432,792.72	2,256,898.80

Includes deposits of Rs. 181,906.69 lacs (March 31, 2010 : Rs. 205,055.01 lacs) pledged with Banks as margin for securitisation and Rs. 345.45 lacs (March 31, 2010: Rs. 901.34 lacs) pledged as lien against loans taken.

^ Maximum advances given to the Company in which the director is interested at anytime during the year Rs. 334.26 lacs (March 31, 2010 : Rs. Nil) and outstanding as on March 31, 2011 Rs. 112.00 lacs (March 31, 2010 : Rs. Nil)

Schedule 9 - OTHER LOANS AND ADVANCES

Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	28,813.81	25,437.31
Securitization Deferred Consideration Receivable	368,676.26	203,804.05
Service tax credit (input) receivable	141.50	537.34
Prepaid expenses	5,732.20	8,649.99
Security deposits	1,289.75	722.61
	404,653.52	239,151.30

Schedules forming part of the Consolidated Balance Sheet (Contd.)

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
Schedule 10 - CURRENT LIABILITIES		
Sundry creditors		
- Micro and Small Enterprises (Refer note 2(15) of Schedule 22)	0.43	-
- Other than Micro and Small Enterprises	62,700.29	23,291.23
Advance from Customers	114.25	-
Interest accrued but not due on loans	97,626.73	84,941.79
Application money on redeemable non convertible debentures	856.25	798.77
Application money on Subordinated debts	64.19	15.79
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed matured deposits	278.50	60.65
- Unclaimed matured debentures	5,705.69	5,116.68
- Unclaimed matured subordinate debts	966.22	117.13
- Interest accrued and due on above	2,014.61	1,329.00
- Unclaimed dividend	382.44	269.67
Temporary credit balance in bank accounts	46,629.09	29,551.21
Securitization deferred income	358,044.60	236,518.83
Other liabilities	1,060.43	446.67
	576,443.72	382,457.42
Schedule 11 - PROVISIONS		
For non-performing assets	45,419.55	38,260.74
For standard assets [Refer note 1(f) of Schedule 22]	5,040.24	-
For credit loss on securitisation	52,012.24	24,986.49
For income tax [net of advance for income tax Rs. 170,588.06 lacs (March 31, 2010: Rs. 141,900.08 lacs)]	1,809.72	988.35
For provision for service tax- contested [Refer note 2(11) of Schedule 22]	8,406.10	8,406.10
For diminution in value of investments	167.50	247.37
For leave encashment and availment	1,090.18	561.66
For gratuity	913.73	612.63
Proposed dividend	9,046.43	9,020.71
Corporate dividend tax	1,502.50	1,498.25
	125,408.19	84,582.30
Schedule 12 - MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Public issue expenses for non convertible debentures	2,344.93	2,217.22
Issue expenses for equity shares	1,349.56	1,491.47
	3,694.49	3,708.69



Schedules forming part of the Consolidated Profit and Loss account

	For the year ended March 31, 2011	For the year ended March 31, 2010
(Rs. in lacs)		
Schedule 13 - INCOME FROM OPERATIONS		
Income from financing activities [Tax deducted at source Rs.917.24 lacs (March 31, 2010: Rs.985.94 lacs)]	351,906.40	361,528.77
Interest on margin money on securitisation/assignments [Tax deducted at source Rs. 1,109.56 lacs (March 31, 2010: Rs.1021.66 lacs)]	10,846.17	10,367.78
Income on securitisation and direct assignment	162,265.08	68,009.04
Sales of Vehicles	6,153.33	-
Less: Value added taxes on sale of Vehicles	(20.45)	-
Net Sale of Vehicles	6,132.88	-
Facilitation Fees	83.38	-
	531,233.91	439,905.59
Schedule 14 - OTHER INCOME		
Buyer-seller facilitation fees	2,703.21	3,053.46
Interest on deposits with banks [Tax deducted at source of Rs.414.02 lacs (March 31, 2010: Rs. 215.81 lacs)]	3,776.92	1,698.44
Income from operating lease [Tax deducted at source of Rs. 2.12 lacs (March 31, 2010: Rs.42.00 lacs)]	22.14	453.91
Profit on sale of assets (net)	-	62.40
Income from Long Term Investments (non trade)		
- Profit on sale of investments (net)	-	66.55
- Profit on disposal of subsidiary	-	3.15
- Dividend	2.13	0.25
- Interest on government securities	686.13	100.51
- Interest on pass through certificates	261.36	119.18
- Interest on subordinated debts [Tax deducted at source of Rs. 27.07 lacs (March 31, 2010: Rs.Nil)]	270.68	-
- Amortisation of Discount on Government Securities	52.64	-
Income from Current Investments (non trade)		
- Profit on sale of investments (net)		
Certificate of Deposits (net of loss Rs. 106.47 lacs, March 31, 2010 Rs. 0.01 lacs)	931.57	275.57
Mutual Funds	5,411.57	1,470.53
Government Securities	20.00	-
Debentures	12.03	-
Commercial Paper	35.39	-
Treasury Bills	4.53	-
- Dividend	-	874.46
- Interest on government securities	3.46	-
- Interest on certificate of deposits	4,950.82	1,068.27
- Discount on CBLO	243.95	195.84
- Interest on commercial paper	88.84	-
- Interest on debentures [Tax deducted at source of Rs. 0.55 lacs (March 31, 2010: Rs.Nil)]	38.23	-
- Interest on Treasury Bills	90.27	-
Miscellaneous income [Tax deducted at source of Rs. 28.23 lacs (March 31, 2010: Rs.Nil)]	358.39	245.67
	19,964.26	9,688.19

Schedules forming part of the Consolidated Profit and Loss account (Contd.)

	For the year ended March 31, 2011	For the year ended March 31, 2010
(Rs. in lacs)		
Schedule 15 - INTEREST & OTHER CHARGES		
Interest & Other Charges on :		
Debentures #	59,004.24	65,969.57
Subordinated debts @	36,709.70	23,214.26
Fixed deposits	6,206.52	475.98
Loans from banks ##	102,790.33	105,813.69
Loans from institutions and others	6,514.52	13,457.96
Commercial paper	458.82	2,199.54
Bank charges	2,680.22	2,350.85
Professional charges - resource mobilisation	5,694.87	4,895.23
Processing charges on loans/securitization	4,047.30	3,605.42
Discount on sale of second loss credit / liquidity facilities	(269.92)	584.00
[Tax deducted at source of Rs. 27.44 lacs (March 31, 2010: Rs.10.30 lacs)]		
Fees on sale of second loss credit / liquidity facilities	3,595.56	2,114.72
	227,432.16	224,681.22

Includes interest paid to Managing director Rs. 0.40 lacs (March 31,2010 : Rs. 0.27 Lacs)

@ Includes interest paid to Managing Director Rs. 1.11 lacs (March 31, 2010: Rs. Nil)

Includes interest on loans other than loans for fixed period Rs. 3,559.57 lacs (March 31, 2010 : Rs. 7,044.52 lacs)

Schedule 16 - ADJUSTMENT DUE TO DECREASE (INCREASE) IN INVENTORY OF VEHICLES

Opening stock (A)	-	-
Less: Closing stock (B)	1,293.61	-
Movement in opening and closing stock (A-B)	(1,293.61)	-

Schedule 17 - RAW MATERIAL CONSUMED

Opening stock	-	126.81
Add : Purchases	-	-
Less: Transferred to Lessee	-	(126.81)
Closing stock	-	-
	-	-

Schedule 18 - PERSONNEL EXPENSES

Salaries, other allowances and bonus	34,938.59	21,020.66
Gratuity expenses	327.19	197.65
Contribution to provident and other funds	1,459.56	976.89
Staff welfare expenses	381.52	312.95
	37,106.86	22,508.15



Schedules forming part of the Consolidated Profit and Loss account (Contd.)

	For the year ended March 31, 2011	(Rs. in lacs) For the year ended March 31, 2010
Schedule 19 - OPERATING AND OTHER EXPENSES		
Rent	5,284.47	3,557.92
Electricity expenses	543.03	467.29
Repairs & maintenance		
- Plant & machinery	-	5.79
- Buildings	1.09	0.70
- Others	1,395.72	2,273.27
Rates & taxes	340.98	230.01
Printing & stationery	1,569.70	1,483.07
Travelling & conveyance	4,301.68	3,436.55
Advertisement	1,931.06	443.50
Brokerage	7,941.79	5,013.69
Business Promotion	487.37	428.34
Sourcing fees	85.87	23.96
Royalty	1,497.04	1,240.78
Directors' sitting fees	8.90	14.65
Insurance	262.81	148.37
Communication expenses	2,335.35	2,571.12
Payment to auditor (Refer note 2(16) of Schedule 22)		
As Auditor:		
- Audit fees	42.87	32.47
- Tax audit fees	6.35	2.76
- Limited Review	65.26	40.50
- Out of pocket	3.68	4.82
In any other manner:		
- Certification	6.16	3.31
Legal & professional charges	5,481.06	2,827.61
Donations	272.06	161.81
Loss on sale of fixed assets (net)	36.73	-
Miscellaneous expenses	5,137.71	2,846.20
	39,038.74	27,258.49

Schedule 20 - SHARE & DEBENTURE ISSUE EXPENSES WRITTEN OFF

Issue expenses for equity shares	152.96	25.28
Public issue expenses for non convertible debentures	1,046.41	473.42
Preliminary Expenses	-	6.93
	1,199.37	505.63

Schedule 21 - PROVISIONS & WRITE OFFS

Provision for non performing assets	7,158.81	14,575.88
Provision for standard assets [Refer note 1(f) of Schedule 22]	5,040.24	-
Provision for credit loss on securitisation	21,559.32	7,971.84
Provision for diminution in value of investments	(79.87)	20.34
Bad debts written off	22,591.55	18,668.99
Bad debt recovery	(634.30)	(549.34)
	55,635.75	40,687.71

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account

Schedule 22 - SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. Significant Accounting Policies

(a) Basis of preparation

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

(b) Basis of consolidation

- (i) The financial statements of the subsidiary companies and associate used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2011 and are prepared based on the accounting policies consistent with those used by the Company.
- (ii) The financial statements of the Group have been prepared in accordance with the Accounting Standard 21- 'Consolidated Financial Statements' and Accounting Standard 23 - 'Accounting for investments in Associates' in Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006, as amended and other generally accepted accounting principles in India.
- (iii) The consolidated financial statements have been prepared on the following basis :
 1. The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.
 2. The consolidated financial statements include the share of profit / loss of the associate company which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An Associate is an enterprise in which the investor has significant influence and which is neither a Subsidiary nor a Joint Venture of the Investor.
 3. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
 4. Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

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

Sr. No.	Name of the Subsidiary Company	Country of incorporation	Share of ownership interest as at March 31, 2011	Share of ownership interest as at March 31, 2010
1.	Shriram Asset and Equipment Finance Private Limited (From June 04, 2009 to December 14, 2009)	India	-	-
2.	Shriram Equipment Finance Company Limited (w.e.f. December 15, 2009)	India	100%	100%
3.	Shriram Automall India Limited (w.e.f. February 11, 2010)	India	100%	100%

(v) The details of associate company are as follows :

Sr. No.	Name of the Associate Company	Country of incorporation	Share of ownership interest as at March 31, 2011	Share of ownership interest as at March 31, 2010
1.	Shriram Asset Management Company Limited	India	40.00%	40.00%



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

(c) Use of estimates

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

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

Fixed Assets

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

Depreciation/Amortisation

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

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Windmills	10%	5.28%
Computer Software	33.33%	16.21%

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 lease term subject to a maximum of 60 months.

Cost relating to 'Trademarks' are capitalized and amortised on a straight line basis over a period of 10 years.

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 recognised on a pro-rata basis to the profit and loss account till the date of sale.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

(e) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and 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.

(f) Provisioning / Write-off of assets

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

Provision on standard assets is made as per the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

(g) Hypothecation loans

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

(h) Leases

Where the Group is the lessor

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

Where the Group 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 recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(i) Foreign currency translation

Initial recognition

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

Conversion

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

Exchange differences

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

(j) Inventories

Inventories of vehicles are valued at cost or net realisable whichever is less after providing for obsolescence if any. Cost comprises of cost of purchase, refurbishment costs and allocated overheads incurred in bringing the inventory to their present location and condition. Cost of purchase and refurbishment is determined on specific identification basis, while the overheads are allocated as per the estimate based on expected normal activity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

(k) Revenue recognition

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

- i. Income from financing activities is recognised on the basis of internal rate of return.
- ii. Income recognised and remaining unrealised after installments become overdue for six months or more in case of secured/unsecured loans and twelve months or more in case of financial lease transactions are reversed and are accounted as income when these are actually realised.
- iii. Additional finance charges / additional interest are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.
- iv. Gains arising on securitisation/direct assignment of assets is recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI, loss, if any is recognised upfront.
- v. Income from services is recognised as per the terms of the contract on an accrual basis.
- vi. Interest income on fixed deposits/margin money, call money (CBLO), certificate of deposits, pass through certificates, subordinate debts and treasury bills is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vii. Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- viii. Profit/loss on the sale of investments is recognised at the time of actual sale/redemption.
- ix. Income from operating lease is recognised as rentals, as accrued on straight line basis over the period of the lease.
- x. The revenue from sale of the commercial vehicles is recognized after execution of the contract to sale and delivery of the vehicle to the buyer.
- xi. Income on Subvention is recognized as per the terms of contracts on accrual basis.
- xii. Pre-mature Dealer payment discount is recognized as income on realisation.



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

(l) **Employee benefits**

Provident Fund

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

Gratuity

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972' The Group accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the reporting date.

Leave Encashment

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

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

(m) **Income tax**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The un-recognised deferred tax assets are re-assessed by the Group at each balance sheet date and are recognised 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 realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Group 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 realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(n) **Segment reporting policies**

Identification of segments:

The Group's operating businesses are organised 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 Group operate.

Unallocated items:

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

Segment Policies :

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

(o) **Earnings per share**

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

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

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

(p) Provisions

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

(q) Cash and cash equivalents

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

(r) Equity shares and Debentures issue expenses

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

Public issue expenses other than the brokerage incurred on issue of debentures are charged off on a straight line basis over the weighted average tenor of underlying debentures. The brokerage incurred on issue of debenture is treated as expenditure in the year in which it is incurred.

(s) Ancillary cost of borrowings

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

(r) 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 amortised over the vesting period of the option on a straight line basis.

2. Notes to Accounts

1. Secured Loans

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

	As at March 31, 2011	As at March 31, 2010
Number	22,081,398	18,870,314
Amount Rs in lacs	220,813.98	188,703.14

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

Debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement. The earliest date of redemption is 01.04.2011 (March 31, 2010: 01.04.2010)

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



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

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

(Rs. in lacs)

Date of Allotment/renewal	As at March 31, 2011	As at March 31, 2010	Redeemable at par on
05.07.2007	-	5,000.00	05.07.2010
09.07.2007	-	7,000.00	09.07.2010
11.07.2007	-	1,000.00	09.07.2010
25.07.2007	-	10,000.00	25.07.2010
25.07.2007	-	2,500.00	25.07.2010
10.09.2007	-	2,500.00	10.09.2010
15.10.2007	-	2,000.00	15.10.2010
18.10.2007	-	3,900.00	18.10.2010
19.10.2007	-	5,000.00	19.10.2010
02.05.2008	15,000.00	15,000.00	02.05.2011
20.06.2008	10,000.00	10,000.00	20.06.2011
04.09.2008	-	10,000.00	04.09.2010
08.09.2008	-	3,000.00	08.09.2010
15.09.2008	-	1,500.00	# 15.09.2011
15.09.2008	1,500.00	1,500.00	15.09.2011
15.09.2008	-	2,500.00	15.09.2010
15.09.2008	-	1,500.00	30.04.2010
16.09.2008	-	2,500.00	# 16.09.2011
17.09.2008	8,000.00	8,000.00	01.09.2011
24.09.2008	-	2,500.00	24.09.2010
26.09.2008	-	2,500.00	26.09.2010
26.09.2008	-	1,500.00	10.09.2010
08.10.2008	-	1,200.00	06.04.2010
24.10.2008	-	5,000.00	10.12.2010
03.11.2008	30,000.00	30,000.00	03.11.2013
26.11.2008	1,000.00	1,000.00	26.11.2013
28.03.2009	5,000.00	5,000.00	28.03.2012
13.04.2009	-	10,000.00	# 13.04.2011
* 20.04.2009	2,500.00	2,500.00	20.04.2011
17.06.2009	-	2,500.00	# 17.06.2011
30.06.2009	12,500.00	25,000.00	30.06.2011
14.09.2009	1,500.00	1,500.00	05.04.2011
12.10.2009	-	9,000.00	# 12.04.2011
24.03.2010	-	2,400.00	24.03.2011
25.03.2010	-	2,600.00	25.03.2011
06.05.2010	2,500.00	-	06.05.2013
04.05.2010	2,500.00	-	04.05.2013
14.05.2010	20,000.00	-	14.05.2013
28.03.2011	2,400.00	-	28.03.2012
28.03.2011	2,400.00	-	28.03.2012
28.03.2011	200.00	-	28.03.2012
TOTAL	117,000.00	198,600.00	

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

*Put option on 20th April, 2011

Redeemed prior to due date as per the terms of the issue

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

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

(iii) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2009)

(Rs. in lacs)

Option Detail	Date of Allotment/ renewal	As at March 31, 2011	As at March 31, 2010	Redeemable at par on	Put and Call option
Option -I	27.08.2009	3,489.95	3,489.95	26.08.2012	-
Option -I	27.08.2009	3,489.95	3,489.95	26.08.2013	-
Option -I	27.08.2009	1,744.97	1,744.97	26.08.2014	-
Option -II	27.08.2009	2,949.84	2,949.84	26.08.2012	-
Option -II	27.08.2009	2,949.84	2,949.84	26.08.2013	-
Option -II	27.08.2009	1,474.92	1,474.92	26.08.2014	-
Option -III	27.08.2009	10,422.51	10,422.51	26.08.2014	26.08.2013
Option -IV	27.08.2009	2,274.12	2,274.12	26.08.2014	26.08.2013
Option -V	27.08.2009	66,988.63	66,988.63	26.08.2012	-
Total	-	95,784.73	95,784.73		

- Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.
- The Company has utilised the entire sum of Rs. 99,999.96 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.
- Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.

(iv) Public issue of Redeemable Non-convertible Debentures of Rs. 1,000/- each (2010)

(Rs. in lacs)

Option Detail	Date of Allotment/ renewal	As at March 31, 2011	As at March 31, 2010	Redeemable at par on	Put and Call option
Option -I	02.06.2010	15,754.47	-	01.06.2015	01.06.2013
Option -II	02.06.2010	6,254.36	-	01.06.2017	01.06.2015
Option -III	02.06.2010	7,872.34	-	01.06.2013	-
Option -III	02.06.2010	7,872.34	-	01.06.2014	-
Option -III	02.06.2010	3,936.17	-	01.06.2015	-
Total		41,689.68			

- Secured by specific assets covered under hypothecation loan agreements and by way of exclusive charge and equitable mortgage of title deeds of immovable property.
- The Company has utilised the entire sum of Rs. 41,689.68 lacs raised from public issue (net off expenses) towards asset financing activities as per the objects stated in the prospectus for the issue.
- Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company. The Company may grant loan against the security of NCDs upon the terms and conditions as may be decided by the Company and subject to statutory and/or regulatory requirements.



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

b) Term Loans:

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
i. From Financial Institutions / Corporates :		
Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans	25,414.44	12,188.42
Total	25,414.44	12,188.42
ii. From Banks :		
(a) Secured by hypothecation of vehicles for own use	36.08	3.19
(b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to hypothecation loans #	967,963.89	*929,931.95
Total	967,999.97	929,935.14

*Includes Rs. 20,000.00 lacs, the charge in respect of which has since been created.

The Charge of Rs. 8,000.00 lacs (March 31, 2010: Rs. 47,000.00 lacs) is yet to be created.

c) Cash Credit from Banks:

	As at March 31, 2011	As at March 31, 2010
(Rs. in lacs)		
Cash Credit from banks	48,234.79	**92,036.64

Secured by hypothecation of specific assets covered under hypothecation loan agreements.

**Includes Rs. 10,000 lacs, the charge in respect of which has since been created.

2. Subordinated Debt

The Company has issued subordinated debt bonds amounting to Rs. 142,408.94 Lacs (March 31, 2010: Rs. 53,196.13 Lacs) with coupon rate of 7.00% to 13.00% per annum which are redeemable over a period of 60 months to 216 months.

3. Gratuity and other post-employment benefit plans

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

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

Profit and Loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Current service cost	232.23	191.23
Interest cost on benefit obligation	61.63	48.79
Expected return on plan assets	NA	NA
Net actuarial (gain) / loss recognised in the year	33.33	(42.37)
Past service cost	Nil	Nil
Net benefit expense	327.19	197.65

(Rs. in lacs)

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

Balance sheet

Details of Provision for gratuity

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined benefit obligation	913.73	612.63
Fair value of plan assets	NA	NA
	913.73	612.63
Less: Unrecognised past service cost	Nil	Nil
Plan asset / (liability)	(913.73)	(612.63)

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Opening defined benefit obligation	612.63	463.92
Interest cost	61.63	48.79
Current service cost	232.23	191.23
Benefits paid	(26.09)	(48.93)
Actuarial (gains) / losses on obligation	33.33	(42.38)
Closing defined benefit obligation	913.73	612.63

The Group would not contribute any amount to gratuity in 2011-12 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, 2011	March 31, 2010
	%	%
Investments with insurer	NA	NA

The principal assumptions used in determining gratuity obligations for the Group plan are shown below:

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Discount Rate	8% and 8.25%	7.5%
Increase in compensation cost	5%	5%
Employee Turnover*	5% and 10%	5% and 10%

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

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

Amounts for the Current and previous year are as follows

(Rs. in lacs)

Particulars	Gratuity	
	March 31, 2011	March 31, 2010
Defined benefit obligation	913.73	612.63
Plan assets	NA	NA
Surplus / (deficit)	(913.73)	(612.63)
Experience adjustments on plan liabilities	74.98	55.56
Experience adjustments on plan assets	NA	NA



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

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

(Rs. in lacs)

Particulars	Year ended on March 31, 2011				
	Financing activities	Trading Activities	Fee based Activities	Unallocated reconciling items	Total
Segment Revenue	541,754.60	6,132.91	83.38	3,227.28	551,198.17
Segment results (Profit before tax and after interest on Financing Segment)	182,061.75	(899.27)	(474.00)	3,065.65	183,754.14
Less: Interest on unallocated reconciling items	-	0.04	-	-	0.04
Net profit before tax	182,061.75	(899.31)	(474.00)	3,065.65	183,754.10
Less: Income Taxes					62,041.93
Net profit after tax					121,712.17
Less: Share of Losses of Associate					(0.95)
Net profit after taxes and Share of Loss of Associate					121,711.22
Other information:					
Segment assets	3,184,536.10	2,153.46	866.10	26.17	3,187,581.83
Unallocated corporate assets	-	-	-	-	21,777.43
Total assets	3,184,536.10	2,153.46	866.10	26.17	3,209,359.26
Segment Liabilities	2,717,368.04	553.17	117.63	7.15	2,718,045.99
Unallocated corporate liabilities	-	-	-	-	1,977.22
Total Liabilities	2,717,368.04	553.17	117.63	7.15	2,720,023.21
Capital expenditure	498.69	39.23	568.69	-	1,106.61
Depreciation	1,110.47	10.65	7.92	-	1,129.04
Other non cash expenditure	64,363.42	7.88	11.16	4.96	64,387.42
Particulars	Year ended on March 31, 2010				
	Financing activities	Trading Activities	Fee based Activities	Unallocated reconciling items	Total
Segment Revenue	445,905.30	-	-	3,688.48	449,593.78
Segment results (Profit before tax and after interest on Financing Segment)	129,512.39	-	-	3,231.50	132,743.88
Less: Interest on unallocated reconciling items	-	-	-	287.14	287.14
Net profit before tax	129,512.39	-	-	2,944.36	132,456.74
Less: Income Taxes					45,146.74
Net profit after tax					87,310.00
Less: Share of Losses of Associate					(7.44)
Net profit after taxes and Share of (Loss) of Associate					87,302.56
Other information:					
Segment assets	2,689,251.29	-	-	-	2,689,251.29
Unallocated corporate assets	-	-	-	-	8,191.44
Total assets	2,311,874.29	-	-	-	2,697,442.73
Segment Liabilities	2,311,874.83	-	-	-	2,311,874.83
Unallocated corporate liabilities	-	-	-	-	1,155.85
Total Liabilities	2,311,874.83	-	-	-	2,313,030.68
Capital expenditure	629.41	-	-	-	629.41
Depreciation	1,287.84	-	-	208.00	1,495.84
Other non cash expenditure	49,753.00	-	-	0.94	49,753.94

5. Related Party Disclosure

Related party where control exists

Other Related Parties

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

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

	(Rs. in lacs)											
	Enterprises having significant influence over the Company		Associates		Key Management Personnel		Relatives of Key Management Personnel		Total			
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010		
Payments/Expenses												
Employee Benefits for key management personnel	-	-	-	-	67.90	72.61	-	-	67.90	72.61		
Royalty	1,497.04 µ	1,240.78*	-	-	-	-	-	-	1,497.04	1,240.78		
Data Sourcing Fees	85.87 µ	23.96*	-	-	-	-	-	-	85.87	23.96		
Service Charges	515.22 µ	143.75*	-	-	-	-	-	-	515.22	143.75		
Business Promotion	50.00*	66.18*	-	-	-	-	-	-	50.00	66.18		
Equity Dividend	6,069.15#	5,602.29#	-	-	8.55	5.58	2.63	2.43	6,080.33	5,610.30		
Interest on Subordinate Debt	-	-	60.76	54.37	1.11	-	0.64	-	62.51	54.37		
Interest on Inter Corporate Deposit	-	-	-	96.66#	-	-	-	-	-	96.66		
Interest on NCD	-	-	-	-	0.40	0.27	-	0.01	0.40	0.28		
Rent paid	-	59.56*	1.80	-	-	-	-	-	1.80	59.56		
Inter Corporate Deposit	3,700.00*	4,200.00#	-	-	-	-	-	-	3,700.00	4,200.00		
Receipts/Income												
Rental Deposit Received	49.00*	-	-	-	-	-	-	-	49.00	-		
Interest on Inter Corporate Deposit	132.69*	-	-	-	-	-	-	-	132.69	-		
Non convertible Debenture	-	-	-	-	-	1.00	-	1.00	-	2.00		
On conversion of warrants	-	2,400.00#	-	-	-	-	-	-	-	2,400.00		
Rent & Electricity	7.87*	-	5.40	5.25	-	-	-	-	13.27	5.25		
Balance Outstanding at the year end												
Share Capital	9,337.15#	9,337.15#	-	-	10.83	13.02	4.05	4.05	9,352.03	9,354.22		
Investment in shares	-	-	240.00	240.00	-	-	-	-	240.00	240.00		
Inter Corporate Deposit	3,700.00*	-	-	-	-	-	-	-	3,700.00	-		
Non convertible Debenture	-	-	-	-	4.74	-	-	-	4.74	-		
Rent Receivable	0.66*	-	-	-	-	-	-	-	0.66	-		
Outstanding expenses	772.15 µ	185.43*	-	-	-	-	-	-	772.15	185.43		
Rental Deposit given	-	49.00*	-	-	-	-	-	-	-	49.00		
Subordinated debt	-	-	413.40	413.40	12.31	-	7.00	-	432.71	413.40		
Interest payable on subordinated debt	-	-	140.46	85.78	1.11	-	0.64	-	142.21	85.78		
Guarantees given by the Company to third parties on behalf of Subsidiaries	-	-	-	-	-	-	-	-	31,400.00	-		

* Denotes transactions with Shiram Capital Limited

Denotes transactions with Shiram Holdings (Madras) Private Limited

µ Denotes transactions with Shiram Ownership Trust



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

6. Leases

In case of assets given on lease

The Company has given land and building on operating lease for period of 11 months. During the year ended 31st March, 2010 the company had also given its biomass plant on operating lease for the period 1st April, 2009 to 30th September, 2009. The same was sold on October 1, 2009, hence gross carrying cost of and accumulated depreciation of the asset as on the date of balance sheet is nil.

In case of assets taken on lease

The Group has taken various office premises, furniture and fixtures, computers and plant and machinery under operating lease. The lease payments recognised in the profit & loss account are Rs. 4,902.58 lacs (March 31, 2010: Rs. 3,557.92 lacs). Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 12 to 120 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
<i>Minimum Lease Payments:</i>		
Not later than one year	858.02	899.73
Later than one year but not later than five years	731.88	324.11
Later than five years	28.20	40.73

7. 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. 16,677.50 lacs (March 31, 2010: Rs. 3,497.64 lacs) in favour of trustees representing the public deposit holders of the Company.

8. Earnings per share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	Net Profit after tax and Share of loss of Associates as per profit and loss account (Rs. in lacs) (A)	121,711.22
Weighted average number of equity shares for calculating Basic EPS (in lacs) (B)	2,257.27	2,125.01
Weighted average number of equity shares for calculating Diluted EPS (in lacs) (C)	2,260.39	2,133.85
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	53.92	41.08
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	53.85	40.91

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	Weighted average number of equity shares for calculating Basic EPS (in lacs)	2,257.27
Add : Equity shares arising on conversion of optionally convertible warrants (in lacs)	-	-
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lacs)	3.12	8.84
Weighted average number of equity shares in calculating diluted EPS (in lacs)	2,260.39	2,133.85

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

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

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

	As at March 31, 2011	As at March 31, 2010
		(Rs. in lacs)
Deferred Tax Liabilities		
<i>Timing difference on account of :</i>		
Debenture Issue Expenses	778.94	753.63
Gross Deferred Tax Liabilities (A)	778.94	753.63
Deferred Tax Asset		
<i>Timing difference on account of :</i>		
Differences in depreciation in block of fixed assets as per tax books and financial books	305.96	231.78
Expenses disallowed under Income Tax Act, 1961	3,677.68	3,260.74
Provision for securitization	10,537.72	4,734.05
Provision for standard assets	1,674.26	-
Gross Deferred Tax Assets (B)	16,195.62	8,226.57
Deferred Tax Liabilities /(Assets)(Net) (A-B)	(15,416.68)	(7,472.94)

10. Contingent Liabilities not provided for

	As at March 31, 2011	As at March 31, 2010
		(Rs. in lacs)
a. Disputed income tax demand contested in appeals not provided for [Against the above, a sum of Rs. Nil (March 31, 2010: Rs. 29.66 lacs) has been paid under protest]	-	157.26
b. Demands in respect of Service tax [Amount of Rs. 15.00 lacs (March 31, 2010 : Rs. 15.00 lacs) has been paid under protest]	330.00	315.00
c. Disputed sales tax demand [Amount of Rs. 63.92 lacs (March 31, 2010: Rs. 63.92 lacs) has been paid by the Company]	412.33	412.33
d. Guarantees and Counter Guarantees given	194,058.28	-
e. Estimated amount of contracts on capital account not provided for	100.00	-

Future cash outflows in respect of above are determinable only on receipt of judgments /decisions pending with various forums/authorities.

11. As regards the recovery of Service Tax on Lease and hire purchase transactions, the Hon'ble Supreme Court vide its order dated October 26, 2010 has directed the competent authority under the Finance Act, 1994 to decide the matter in accordance with the law laid down.

In its replies to the demands of Rs. 7,775 lacs (interest & penalty not quantified) for the years 2003-04 to 2009-10 from the Commissioner of Service Tax, the management has contended that no service tax is leviable on the interest earned by the company on financing transactions because of the specific exemption granted for the same under the Finance Act 1994. However, the company shall continue to hold the provision of Rs. 8,406.10 lacs in this respect and contest the demands with the Appellate Authorities.



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

12. Employee Stock Option Plan

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

The details of Series I have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	189,550	Rs. 35.00	1,839,800	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	68,700	Rs. 35.00	1,640,750	Rs. 35.00
Less: Expired during the year	5,750	-	9,500	-
Outstanding at the end of the year	115,100	Rs. 35.00	189,550	Rs. 35.00
Exercisable at the end of the year	115,100	-	189,550	-
Weighted average remaining contractual life (in years)		7.09		8.09
Weighted average fair value of options granted		Rs. 59.04		Rs. 59.04

The details of Series II have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	251,300	Rs. 35.00	516,500	Rs. 35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	227,300	Rs. 35.00	265,200	Rs. 35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	24,000	Rs. 35.00	251,300	Rs. 35.00
Exercisable at the end of the year	24,000	-	24,900	-
Weighted average remaining contractual life (in years)		7.49		8.49
Weighted average fair value of options granted		Rs. 91.75		Rs. 91.75

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

The details of Series III have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	357,900	Rs.35.00	763,600	Rs.35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	294,650	Rs.35.00	4,02,200	Rs.35.00
Less: Expired during the year	8,000	-	3,500	-
Outstanding at the end of the year	55,250	Rs.35.00	357,900	Rs.35.00
Exercisable at the end of the year	55,250	-	38,300	-
Weighted average remaining contractual life (in years)		8.02		9.02
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, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	74,200	Rs.35.00	106,000	Rs.35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	31,800	Rs.35.00	31,800	Rs.35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	42,400	Rs.35.00	74,200	Rs.35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)		8.89		9.89
Weighted average fair value of options granted		Rs. 136.40		Rs. 136.40

The details of Series V have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	69,300	Rs.35.00	77,000	Rs.35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	15,400	Rs.35.00	7,700	Rs.35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	53,900	Rs.35.00	69,300	Rs.35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)		9.78		10.78
Weighted average fair value of options granted		Rs. 253.90		Rs.253.90

The details of Series VI have been summarized below:

	As at March 31, 2011		As at March 31, 2010	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	50,000	Rs.35.00	-	-
Add: Granted during the year	-	-	50,000	Rs.35.00
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	5,000	-	-	-
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	45,000	Rs.35.00	50,000	Rs.35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)		10.61		11.61
Weighted average fair value of options granted		Rs. 201.45		Rs. 201.45

The weighted average share price for the year over which stock options were exercised was Rs. 717.18 (March 31, 2010: Rs.358.00)



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

The details of exercise price for stock options outstanding at the end of the year are: March 31, 2011

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/-	115,100	7.09	Rs.35/-
Series II	Rs.35/-	24,000	7.49	Rs.35/-
Series III	Rs.35/-	55,250	8.02	Rs.35/-
Series IV	Rs.35/-	42,400	8.89	Rs.35/-
Series V	Rs.35/-	53,900	9.78	Rs.35/-
Series VI	Rs.35/-	45,000	10.61	Rs.35/-

The details of exercise price for stock options outstanding at the end of the year are: March 31, 2010

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

Stock Options granted

Series I:

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

	Yr 1	Yr 2	Yr 3	Yr 4
Weighted average share price (Rs.)	93.30	93.30	93.30	93.30
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 year) 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
Weighted average share price (Rs.)	130.10	130.10	130.10	130.10
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 year) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.64	6.83	6.93	7.26
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

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
Weighted average share price (Rs.)	111.25	111.25	111.25	111.25
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 year) 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
Weighted average share price (Rs.)	168.05	168.05	168.05	168.05
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 year) 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
Weighted average share price (Rs.)	294.50	294.50	294.50	294.50
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 year) 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

Series VI :

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

	Yr 1	Yr 2	Yr 3	Yr 4
Weighted average share price (Rs.)	245.25	245.25	245.25	245.25
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	64.80	64.80	64.80	64.80
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise year) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	5.00	5.00	5.00	5.00
Average risk-free interest rate (%)	4.03	4.68	5.20	5.64
Expected dividend rate (%)	1.96	1.96	1.96	1.96

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



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

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, 2011	As at March 31, 2010
Total compensation cost pertaining to employee share-based payment plan (entirely equity settled)	116.85	341.30
Liability for employee stock options outstanding as at year end	426.74	955.97
Deferred compensation cost	72.19	198.95

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

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

	Year ended March 31, 2011	Year ended March 31, 2010
Profit as reported (Rs. in lacs)	121,711.22	87,302.56
Add: Employee stock compensation under intrinsic value method (Rs. in lacs)	116.85	341.30
Less: Employee stock compensation under fair value method (Rs. in lacs)	116.64	340.91
Proforma profit (Rs. in lacs)	121,711.43	87,302.95
Earnings per share		
Basic (Rs.)		
- As reported	53.92	41.08
- Proforma	53.92	41.08
Diluted (Rs.)		
- As reported	53.85	40.91
- Proforma	53.85	40.91
Nominal Value	Rs 10.00	Rs 10.00

13. Securitisation/ Direct assignment

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

	Year ended March 31, 2011	Year ended March 31, 2010
Total number of loan assets securitized/directly assigned	432,100.00	380,673
Total book value of loan assets securitized/directly assigned (Rs. in lacs)	1,020,361.35	875,681.04
Sale consideration received for the securitised assets/directly assigned (Rs. in lacs)	1,023,668.28	921,631.22
Gain on account of securitization/direct assignment* (Rs. in lacs)	299,330.23	262,350.21

* Gain on securitisation / direct assignment is amortised over the year of the loan.

The information on securitisation / direct assignment activity of the Company as an originator as on March 31, 2011 and March 31, 2010 is given in the table below:

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Outstanding credit enhancement		
- Fixed Deposit	154,928.74	1,73,588.14
- Guarantees given by third parties	157,749.58	-
- Guarantees given by the Company	4,093.00	-
Outstanding liquidity facility		
- Fixed Deposit	15,865.57	23,833.27
Outstanding subordinate contribution	-	2,665.30



Schedules forming part of the Consolidated Balance Sheet and Profit and Loss account (Contd.)

14. Supplementary Statutory Information

	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
I. Managing Director's Remuneration		
Salaries	47.00	45.46
Perquisites	7.11	7.19
Contribution to Provident fund	0.09	0.09
Employee stock option scheme	13.70	19.87
	67.90	72.61

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

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

	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
II. Expenditure in foreign currency (On cash basis)		
Travelling	0.76	4.23
Others	0.00	2.62
	0.76	6.85

15. Based on the intimation received by the Group, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	(Rs. in lacs)	
	As at March 31, 2011	As at March 31, 2010
The principal amount remaining unpaid to supplier as at the end of the year	0.43	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

16. In addition to the auditors remuneration shown in operating and other expenses, the Company has also incurred auditors remuneration in connection with other services provided by auditors in connection with public issue of non convertible debentures of Rs. 39.85 lacs (including out of pocket expenses of Rs. 0.14 lacs) have been amortised as per note 1(r) and shown under miscellaneous expenditure.

17. Details of Stock and Sales of Vehicles:

Opening Stock		Purchases	Closing Stock		Gross Sales	
Quantity (Nos)	Value (Rs)	Quantity (Nos)	Quantity (Nos)	Value (Rs)	Quantity (Nos)	Value (Rs)
-	-	2,248	354	129,360,689.75	1,894	615,333,001.00

18. The Subsidiary Companies are under the process of appointing Managing Director/Manager & Company Secretary as required by the Companies Act, 1956
19. Previous year Comparatives

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

As per our report of even date
For S.R.BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

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

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

per Shrawan Jalan
Partner
Membership No. 102102

C. M. Dixit
Partner
Membership No. 17532

R Sridhar
Managing Director

S. Venkatakrishnan
Director

Mumbai
April 29, 2011

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



Shriram Transport Finance Company Limited
www.stfc.in