



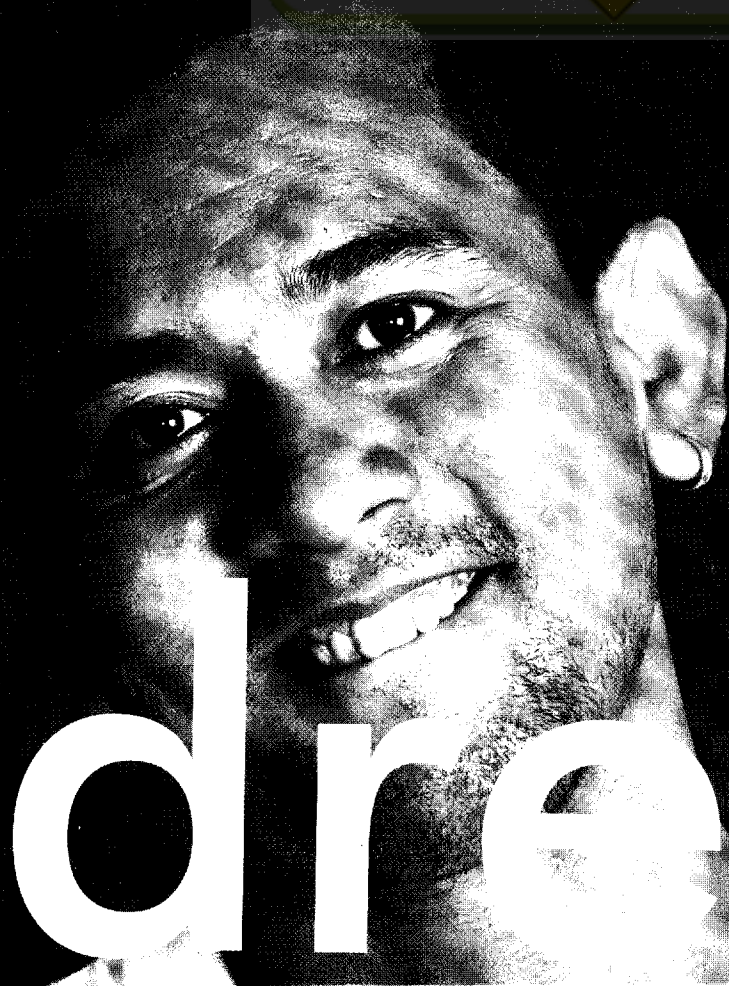
Shriram Transport Finance Company Limited.
Annual Report 2003-04



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25
years

Shriram Transport
Finance Company Ltd.



Inspiring people to
dream

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25
years

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Shriram Transport Finance Company

The success of any enterprise must eventually transcend its own bottomline. This has indeed been so in our case. During our 25 years in existence, we consistently financed modest individuals who intended to evolve into entrepreneurs.

By financing their first vehicle when no one was willing, we enabled them to get into business.

By extending a one-off transaction into a relationship of proximity and trust, we encouraged them to reinvest.

As a result, the success of our organisation is reflected in the growing bottomlines of thousands of now-prosperous first-generation entrepreneurs we have dared to fund.

The road

Business

Shriram Transport Finance Company Limited (STFC) is primarily engaged in financing commercial vehicles to Small Road Transport Operators. The other associate companies engaged in this business are Shriram Investments Limited (SIL), Shriram City Union Finance Limited (SCUF) and Shriram Overseas Finance Limited (SOFL).

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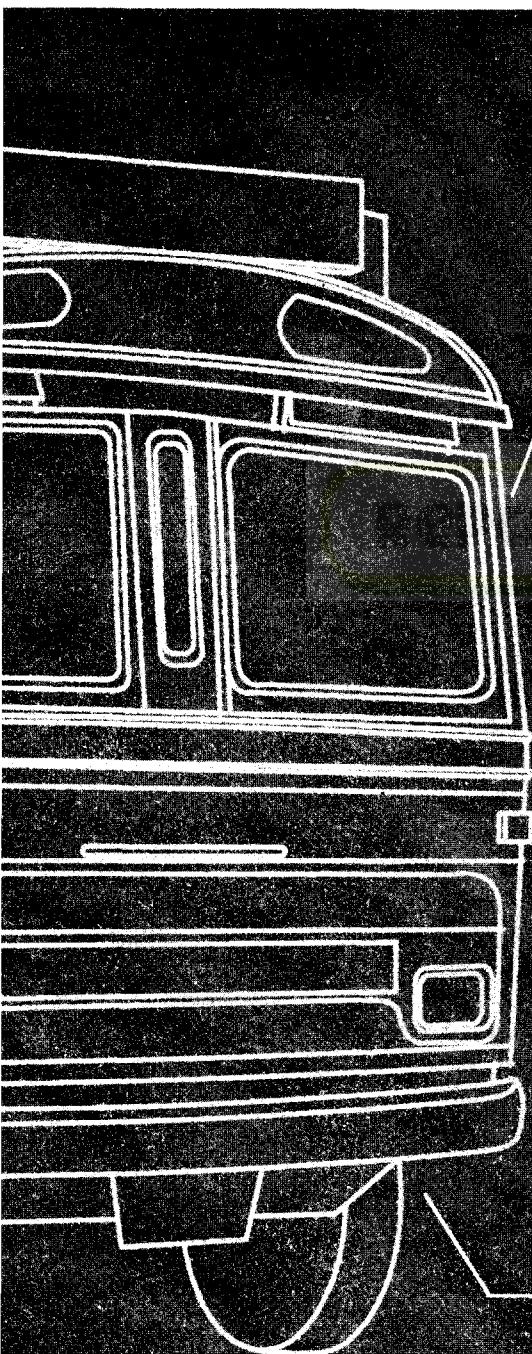
Strategic presence

These four companies are strategically headquartered to ensure a strong nationwide presence: Shriram Transport Finance Company Limited in Mumbai, Shriram Investments Limited in Chennai, Shriram City Union Finance Limited in Kolkata and Shriram Overseas Finance Limited in Delhi.

Company

Shriram Transport Finance Company (incorporated in 1979) is the group's second largest company. Although primarily a financier of pre-owned commercial vehicles, STFC is now progressively widening its basket of offerings and originating new commercial vehicle loans on behalf of Citicorp Finance (India) Ltd and UTI Bank under its Portfolio Management Scheme.

we travelled



Marketing

The commercial vehicle finance operations of STFC are divided across four regions; in turn, these regions are divided into 53 divisions and supported by a network of 179 branches. These branches are engaged in the identification and evaluation of borrowers, execution of loan documents, release of funds, collection from borrowers and the monitoring of accounts, among others.

Equity participation

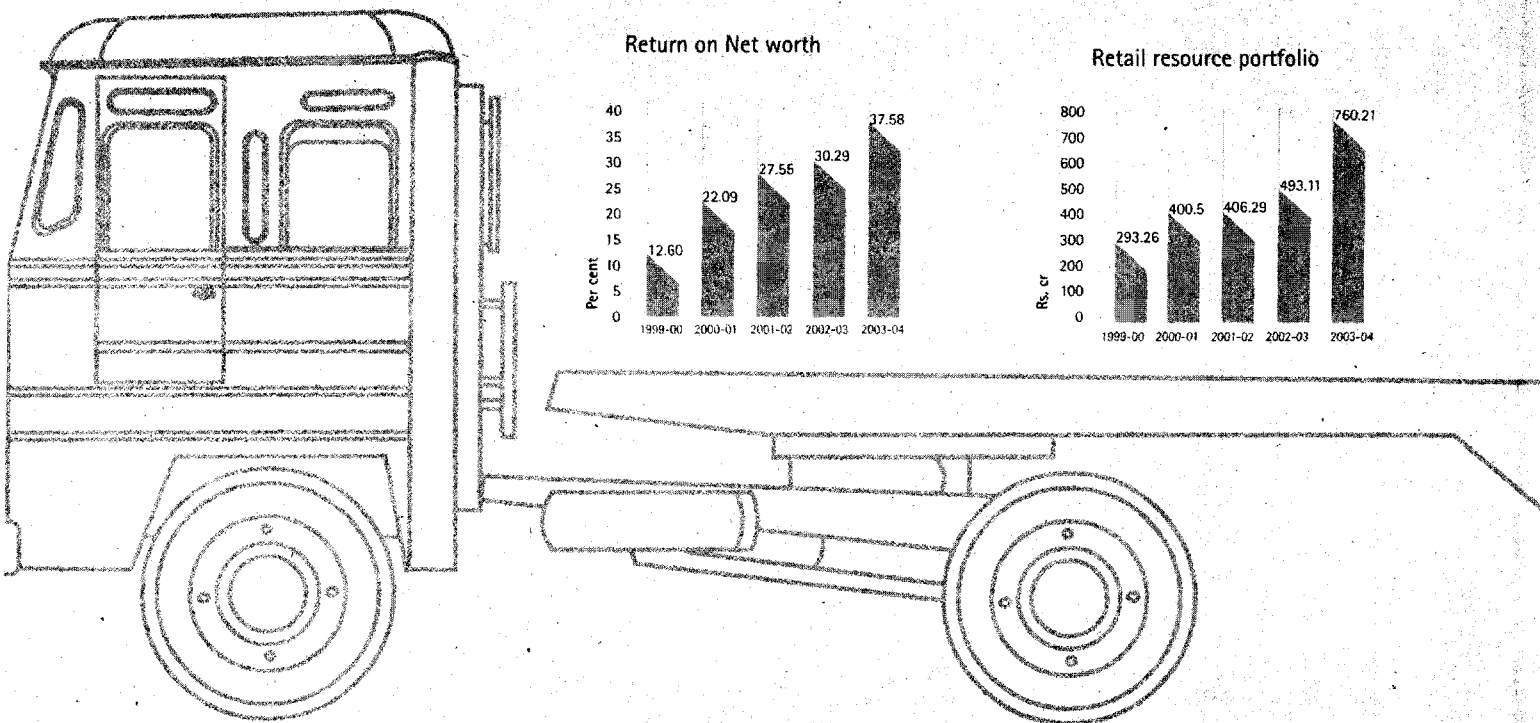
STFC enjoys a strong franchise relationship with Citicorp, the financial services subsidiary of Citibank (the largest bank in the world), UTI Bank, the fastest growing new-age bank in India and Reliance Capital, part of the Reliance Group. While Citicorp acquired a 14.9 per cent stake, UTI Bank acquired a 5.38 per cent stake and Reliance Capital invested in a 4.78 per cent stake in the company.

Performance

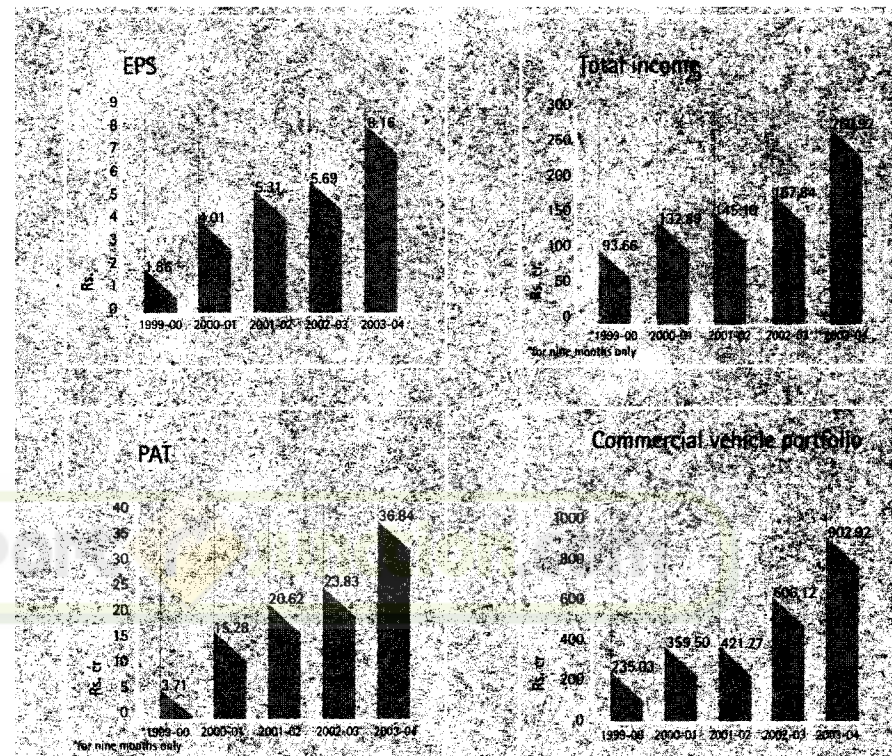
The company's turnover increased 55 per cent from Rs 167.84 cr in 2002-03 to Rs 260.92 cr in 2003-04. Profit after tax strengthened 54.60 per cent from Rs 23.83 cr in 2002-03 to Rs 36.84 cr in 2003-04.

Achievements,

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2003-04



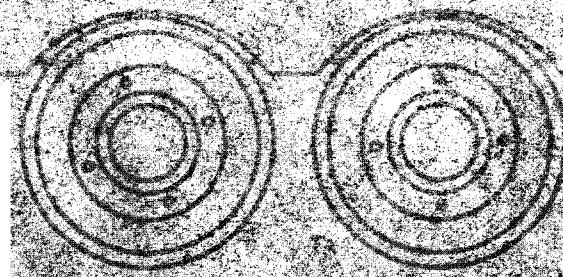
14.12 per cent capital adequacy ratio compared to a regulatory minimum requirement of 12 per cent (14.04 per cent in 2002-03).

0.56 per cent of non-performing assets (as a proportion of net loaned assets) compared to 1.23 per cent in 2002-03.

Mobilisation of a Euro 6 million loan from FMO, a development financial institution of The Netherlands.

An F1+ rating from FITCH for the company's short-term debt, emphasising the highest safety in repayments.

Emergence as the largest third party loan originator for Citicorp's commercial vehicle loans.



Inspiring people to

In 1979 we went into business with the daring objective of empowering the small intending truck owner. The man who had been an employee all his life.

And who now wanted to turn entrepreneur.

'Daring' because the industry wisdom decreed only the financing of large fleet owners or individuals with a sizable net worth as safe. On the other hand, the financing of small intending entrepreneurs was considered risky on the grounds that they had little to show for their liquidity or credibility.

Shriram Transport Finance Company ventured to go against conventional wisdom.

Having completed 25 years in existence, I am proud to state our contrarian decision helped create a niche and translated into pride-enhancing results.

Consider this:

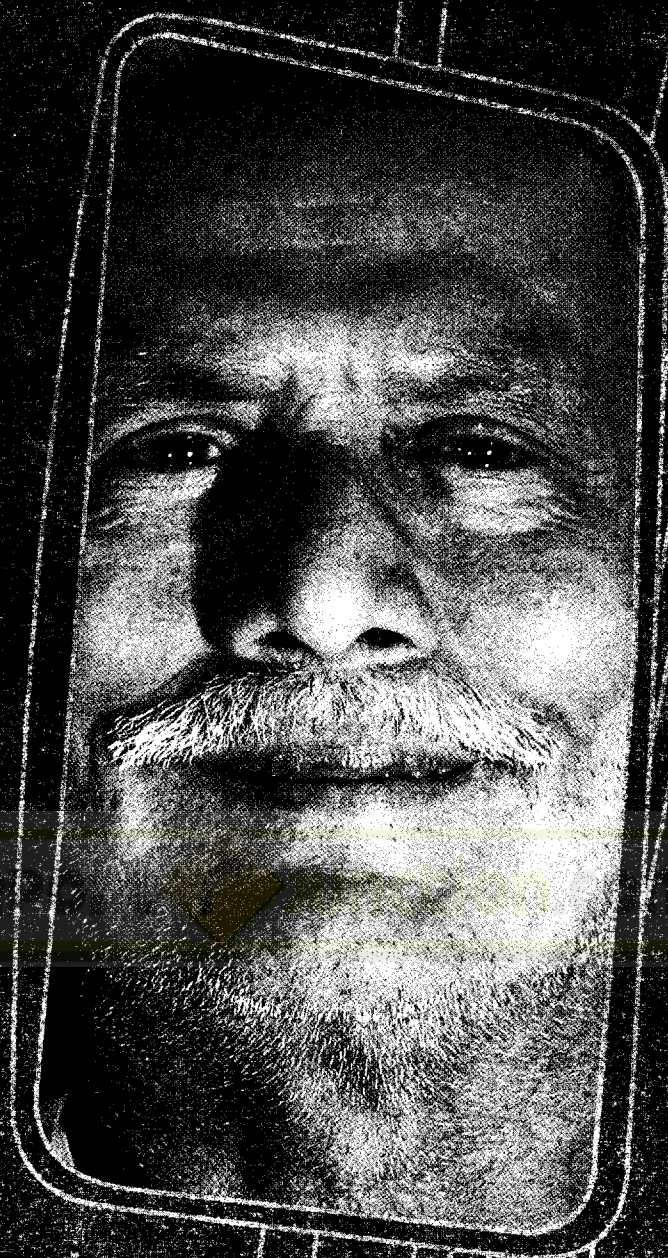
- Shriram Transport is India's largest financier in the niche of pre-owned trucks.
- The company pioneered the virtual elimination of the 'high risk' perception associated with financing Small Road Transport Operators and pre-owned trucks.
- The company successfully enhanced an awareness of the creditworthiness of Small Road Transport Operators amongst commercial banks and financial institutions.
- In doing so, the company not only influenced a higher inflow of institutional credit for financing pre-owned trucks, but also helped make credit available at competitive rates.

Enabling more truck drivers to become entrepreneurs.

And, more importantly, inspiring more people to dream.

R. L. Sridhar

R Sridhar, Managing Director



creating a niche

Small entrepreneurs and pre-owned trucks

