

# IT'S THE SAME OLD STORY



**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

ANNUAL REPORT 2008-09



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#### FORWARD LOOKING STATEMENT

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

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

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



**THE MORE  
THINGS CHANGE,**



**THE MORE THEY  
REMAIN THE SAME**

**CARRIAGE**

**लाम**



**ABOUT US**



## PARENTAGE

Shriram Group

## INCORPORATED IN

1979

## REPUTATION

India's largest asset financing NBFC, providing accessible, affordable commercial vehicle finance to more than 600,000 customers across India.

## PRODUCTS

Financing of pre-owned and new commercial and passenger vehicles, construction equipment, tractors, 3 wheelers, multi-utility vehicles, among others. Shriram Transport also offers finance for working capital, engine replacement, bill discounting, credit cards and tyre-loans, to provide holistic financing support to customers.

## PRESENCE

Headquartered in Mumbai and with a pan-India presence through 479 branches.

## PEOPLE

12,196 employees

## LISTINGS AND KEY SHAREHOLDERS

- The shares of Shriram Transport are listed on the Bombay, Madras and the National Stock Exchanges.
- The principal stakeholders of Shriram Transport (besides the Shriram Group) are reputed institutions such as TPG-Newbridge and Chrys Capital. Shriram Transport has over 40,000 retail shareholders.

### FINANCIAL HIGHLIGHTS 2008-09

• Assets under management of Rs. 23,281 cr (US\$ 4.95 bn)

• Total income of Rs. 3,731.13 cr

• Net profits of Rs. 612.40 cr

• Earnings per share of Rs. 30.11



# HIGHLIGHTS

## 2008-09

**19.3%** increase in Assets under management

**48.7%** increase in total income

**57.1%** increase in profits after tax

**48.6%** increase in earnings per share

**2,502** employees added

**49** branches opened

**2.14%** gross NPA

**0.83%** net NPA

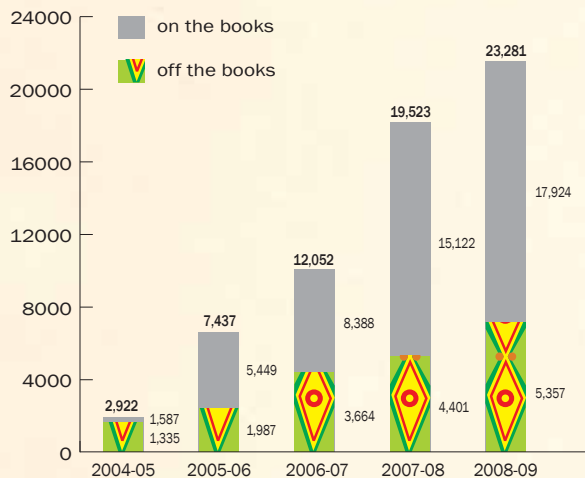
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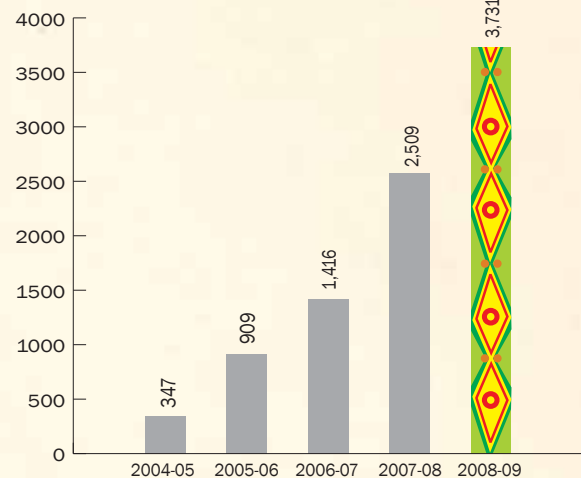


# PERFORMANCE TRENDS

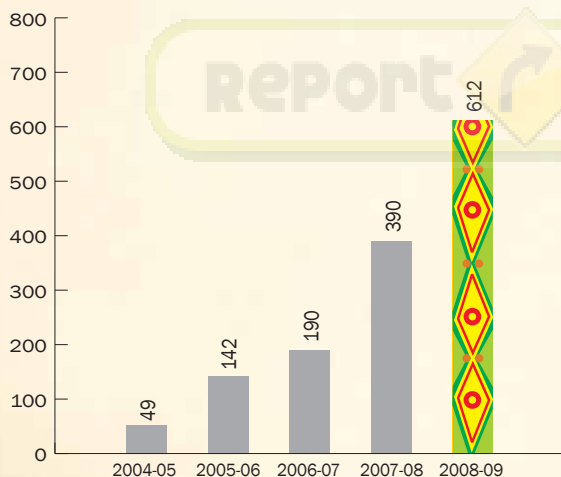
Assets Under Management (Rs. cr.)



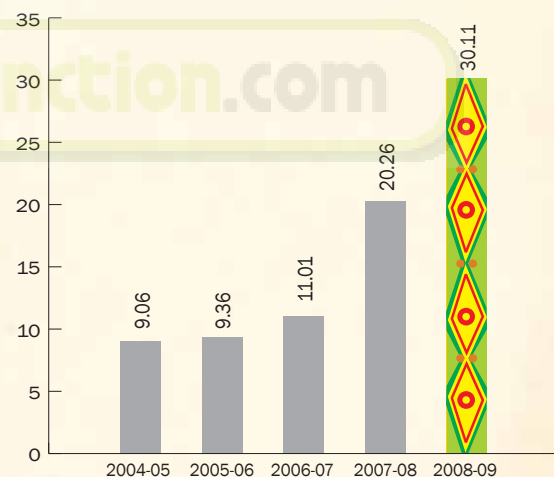
Total income (Rs. cr.)



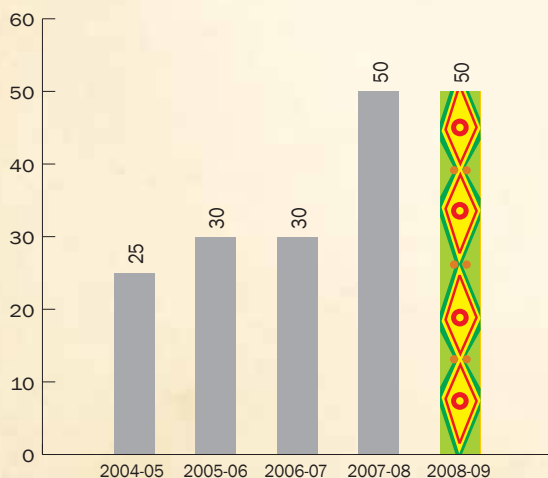
Profit after tax (Rs. cr.)



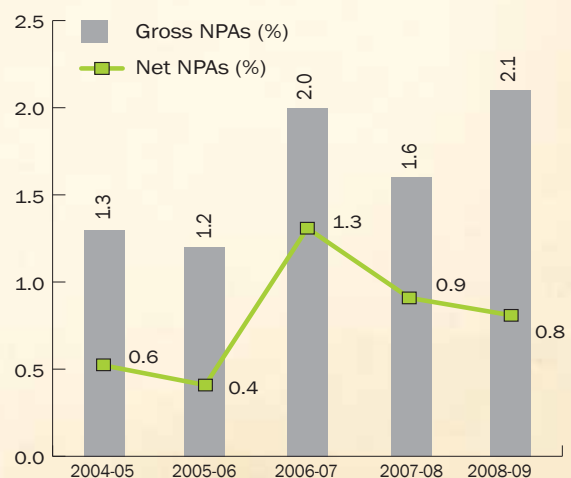
Earnings per share (Rs.)



Dividend payout (%)



Gross NPAs and Net NPAs (%)





**Arun Duggal**  
*Chairman*

Our ability to survive and excel across various cycles in the industry as well as the economy resulted from the type of assets and customers we finance, our relationship model and our uncompromising attitude towards maintaining a robust asset quality.

### Dear Shareholders,

Growth and downturn are like the proverbial two faces of the same coin. In any economic cycle, they are imperative nodes, almost definite consequences of each other. This has been a recurring story, across ages, economies, industries and businesses. And it is for this reason that anyone aspiring to win over a downturn must necessarily do so through acknowledging its presence rather than discounting it. The presence of a robust business model is of course, an added advantage in such times.

At Shriram Transport we have witnessed these crests and troughs more than once in our three-decade history. And in doing so, have always maintained a humble stance in dealing with the external circumstances. At the same time we have taken care to infuse innovation and uniqueness in our business plan, changing the perception of our investors, maintaining a superior asset quality, competitive funding costs, and preserving the relationships we build. This has allowed us to counter economic headwinds and adversities in a manner that created value and accorded us a leadership position in our chosen domain.

2008-09, without doubt has been the most difficult of these adverse years we have faced. Partly because it happened with an unprecedented ferocity, and partly because it came at a time when our business was





operating at a globally consequent scale. The financial sector was among the worst affected sectors on account of poor asset quality, lower liquidity and higher delinquencies. The first half witnessed liquidity pressures on account of the collapse of US subprime market. Some of the top banks and financial institutions also succumbed to the affects of bad asset quality, resulting in permanent discontinuance. Although, India withstood global pressures in the first half; the second half saw the impact of global meltdown reach our shores. It constricted liquidity and credit availability. Barring the difference in magnitude, this clearly was history repeating itself.

It is very satisfying to report that even in such trying times; Shriram Transport reported another year of growth. Not only did our assets under management grow to nearly 5 billion dollars, we registered a 48.7% increase in total income, 57.1% increase in net profits

So what enabled us to post such a performance even in the wake of a global slowdown? Our ability to survive and excel across various cycles in the industry as well as the economy resulted from the type of assets and customers we finance, our relationship model and our uncompromising attitude towards maintaining a robust asset quality. With these basic factors strongly intact, we have been able to weather storms through the decades and establish our leadership as the largest asset financing NBFC in India.

The future is brighter and promising. The Indian GDP is expected to maintain its steam and grow at an average 6.5-7% in the coming years. The aspirations would continue to grow and so would the demand for pre-owned trucks. In such interesting times, we have taken yet another step to be future-ready. The focus is on managing volumes, increasing penetration, delivering growth without diluting the relationship-based business model and asset quality. We have created a multi-vertical structure to cater to increased products and ensure lower delinquencies.

In addition, we have also initiated some concrete innovation measures to expand the market potential of the pre-owned vehicle finance segment, like Truck bazaar and partnerships with private financiers.

I would like to congratulate and thank all the stakeholders – employees, shareholders, customers, investors, etc. for being a critical part of our journey till date. I look forward to your continuous support in the coming years to enable us define yet another milestone through our performance.

# CHAIRMAN'S STATEMENT



# IT'S THE SAME OLD STORY

Not too long ago, we embarked upon a journey to create an organisation that would not only generate profits for us but would also create a profitable society. In our quest, we witnessed multiple challenges, across evolutionary stages – of various magnitudes and nomenclatures. In this journey, we not only sustained but also excelled through each of these challenges, cycles, sentiments, perceptions and risks.

