



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

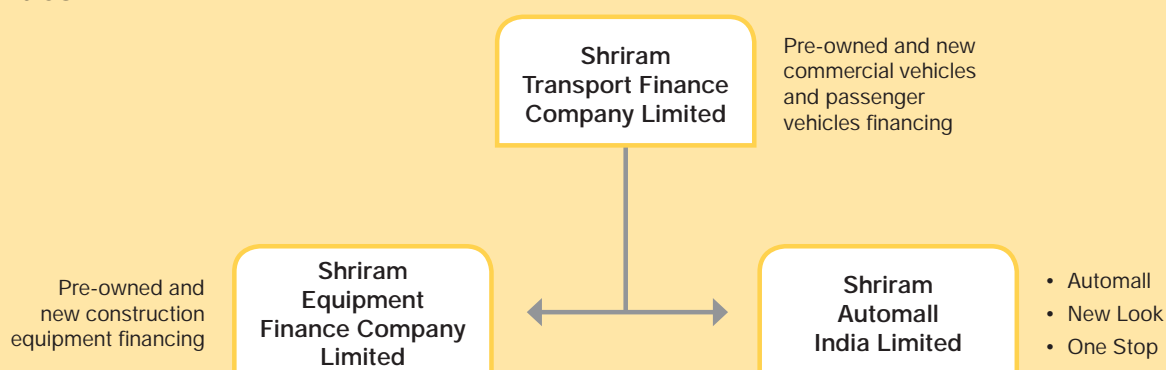
About us

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**

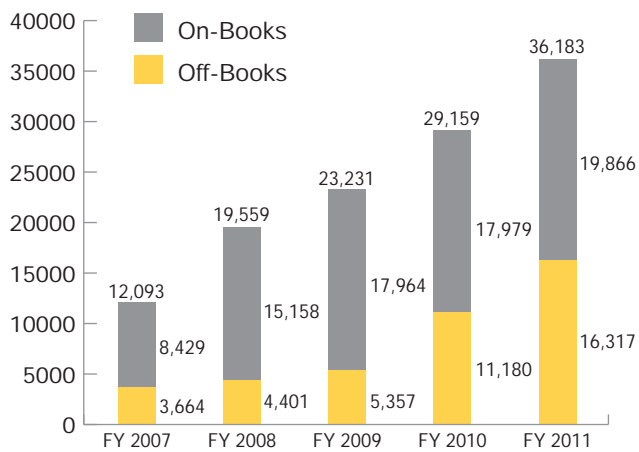
Total employee
base of **16,919**

Net NPA
of **0.38%**

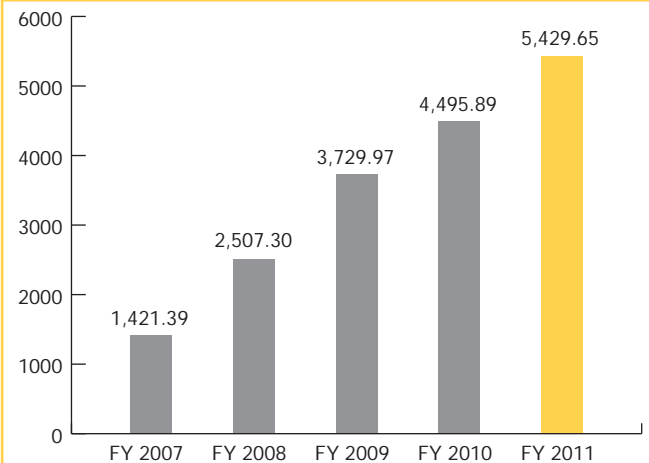
Securitised assets
worth **Rs. 10,203.61 crores**

Annual performance trends

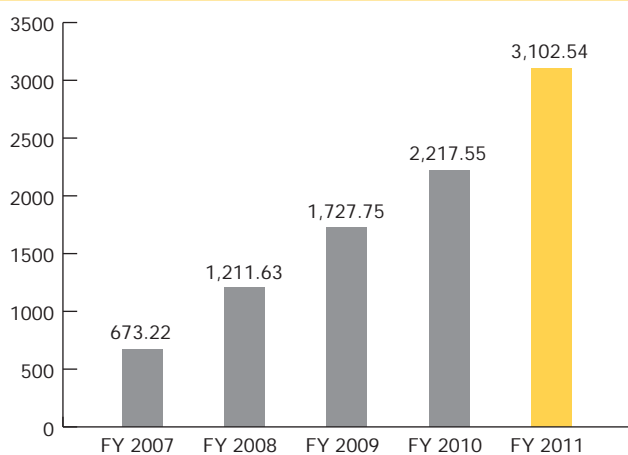
Assets under management (Rs. crores)



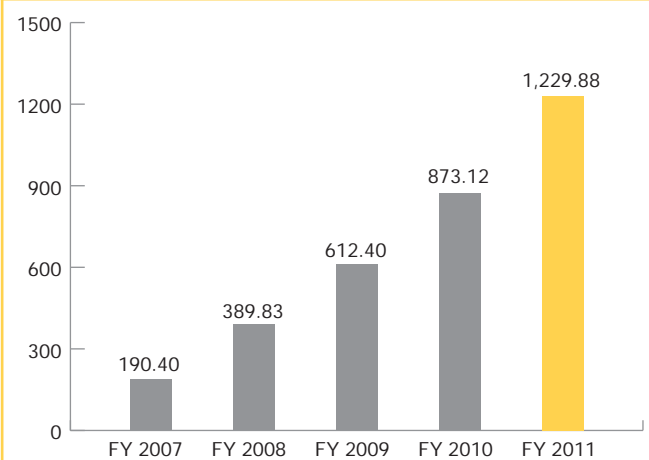
Total Income (Rs. crores)



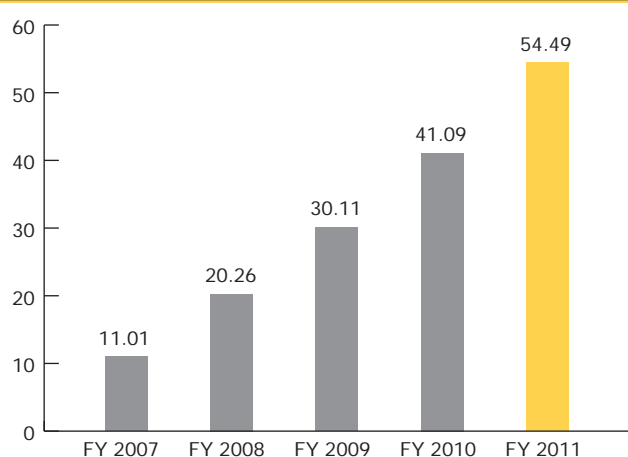
Net Interest Income (Rs. crores)



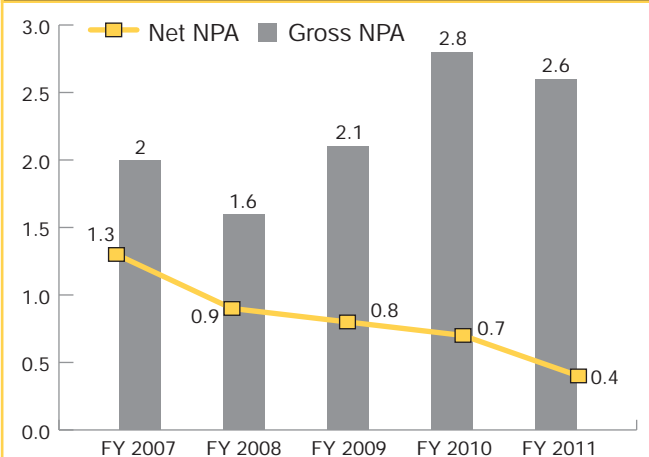
Net Profit (Rs. crores)



EPS (Rs.)



NPA (%)





Our reach

6

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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

B

BACHELI
BADDI
BAGALKOT
BALAGHAT
BALASORE
BANKURA
BARAMATI
BARASAT
BARDOLI
BAREILLY
BARMER
BARODA
BASAVAKALYAN
BATLAKUNDU
BEED
BEGUSARAI

BEHRAICH
BELGAUM
BELLARY
BENGALURU
BERHAMPUR
BETUL
BHAGALPUR
BHARATPUR
BHARUCH
BHATINDA
BHAVANIPURAM
BHAVNAGAR
BHILAI
BHILWARA
BHIMAVARAM
BHIWANDI
BHOPAL
BHUBANESHWAR
BHUJ
BIDAR
BIJAPUR
BIJNORE
BIKANER
BILASHPUR
BILASPUR
BIRBHUM
BOKARO
BONGAIGAON
BUNDI
BURDWAN
BURHANPUR

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CALICUT
CHAMARAJNAGAR
CHANDAN NAGAR
CHANDIGARH
CHANDIKHOL
CHANDRAPUR
CHANNAPATNA
CHANNARAYAPATNA
CHATTARPUR
CHENGALPATTU
CHENNAI
CHICKBALLAPUR
CHIDAMBARAM
CHIKKAMANGALORE
CHIKKODI
CHINCHWAD
CHINDWARA
CHIPLUN

CHITRADURGA
CHITTORE
CHITTORGARH
CHOWTUPPAL
COIMBATORE
COOCHBEHAR
CUDDALORE
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CUMBUM
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FARIDABAD
FARRUKHABAD
FATEHPUR

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GANGANAGAR

GAYA
GHAZIABAD
GOBICHETTIPALAYAM
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GODHRA
GONDIA
GORAKHPUR
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GUMMIDIPOONDI
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GUNTUR
GURGAON
GUWAHATI
GWALIOR

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HANMANA
HASSAN
HAVERI
HAZARIBAGH
HIMAYATHNAGAR
HIMMATNAGAR
HINDUPUR
HISSAR
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HOSPET
HOSUR
HUBLI
HYDERABAD

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INDORE
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JABALPUR
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JAISALMER
JAJPUR
JALANDHAR
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JALNA

JAMKHAMBHALLIA
JAMMU
JAMNAGAR
JAMSHEDPUR
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JHANSI
JHARSUGUDA
JHUNJHUNU
JODHPUR
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KARNAL
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KASARGOD
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KATNI
KATTAPPANA
KATTEDAN
KAWARDHA
KAYAMKULAM
KEONJHAR
KHAMGAON
KHAMMAM
KHARGAPUR
KODADA
KOLAR
KOLHAPUR
KOLKATTA
KOLLAM
KOMPALLY
KOPPAL
KORBA
KOTA
KOTHAGUDAM
KOTPUTLI

KOTTAYAM
KOVILPATTI
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KUKATPALLY
KULLU
KUMBAKONAM
KUMTA
KUNDAPUR
KUNNAMKULAM
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LUCKNOW
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MADANAPALLI
MADGAON
MADHURAWADA
MADIKERI
MADIWALA
MADURAI
MALDA
MALEGAON
MANCHERIAL
MANDAPETA
MANDI
MANGALORE
MANJERI
MARKAPURAM
MARTHALLI
MARTHANDAM
MAYILADITHURAI
MEHBOOB NAGAR
MEHSANA
MELUR
METTUPALAYAM
METTUR
MIRYALAGUDA
MOGA
MORADABAD
MORBI
MORENA

MOTIHARI
MUDBIDIRI
MUMBAI
MURSHIDABAD
MUZAFFARPUR
MYSORE

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NADIAD
NAGERCOIL
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NAGPUR
NAMAKKAL
NANDED
NANDIGAMA
NANDURBAR
NANDYAL
NARSIPATNAM
NASHIK
NAVI MUMBAI
NAVSARI
NEEMUCH
NELLORE
NEW DELHI
NEYYATINKARA
NIRMAL
NIZAMABAD

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PANJIM
PARAMAKUDI
PARBHANI
PARVATHIPURAM
PATAN

PATHANAMTHITTA
PATHANKOT
PATNA
PENDURTHI
PIDUGURALLA
POLLACHI
PONDICHERRY
PORBANDER
PRODDATUR
PUDUKOTTAI
PUNE
PURI
PURNEA
PUSAD
PUTTUR

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RAI BAREILLY
RAICHUR
RAIGARH
RAIPUR
RAJAMUNDRY
RAJAPALAYAM
RAJKOT
RAJNANDGAON
RAJPIBLA
RAJSAMAND
RANCHI
RANIPET
RATLAM
RATNAGIRI
RAYGADA
RENUKOOT
REWA
ROHA
ROHTAK
ROURKELA

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SADULPUR
SAGAR
SAGARA
SAHIBABAD
SALEM
SALUR
SAMBALPUR
SANDUR
SANGAGIRI
SANGAMNER

SANGAREDDY
SANGLI
SANGRUR
SARAIPELLI
SATARA
SATNA
SAWAI MADHOPUR
SECUNDERABAD
SENDHWA
SHAHAPUR
SHAHDOL
SHAHJAHANPUR
SHIMLA
SHIMOGA
SHIVPURI
SHRIRAMPUR
SIKAR
SILCHAR
SILIGURI
SINDHANUR
SINGARAYAKONDA
SIRMOUR
SIROHI
SIVAKASI
SOLAPUR
SRIGANGANAGAR
SRIKAKULAM
SRINAGAR
SULTANPUR
SULTHAN BATHERY
SULUR
SURAT
SURENDRANAGAR

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TADEPALLIGUDEM
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T DASARAHALLI
TENALI
TENKASI
TEZPUR
THALASSERY
THANE
THENI
THIRUCHENGODE
THIRUPPATHUR
THIRUVALLUR
TINDIVANAM
TINSUKHIA

TIPTUR
TIRUCHENDUR
TIRUNELVELI
TIRUPATHI
TIRUPUR
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TIRUVANNAMALAI
TIRUVARUR
TIRUVOTRIYUR
TRICHUR
TRICHY
TRIVANDRUM
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VARANASI
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VELLORE
VIJAYAWADA
VILLUPURAM
VIRUDHACHALAM
VIRUDHUNAGER
VISAKAPATNAM
VIZIANAGARAM

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WADI
WADKHAL
WADHAN
WARANGAL
WARDHA
WARDHAMAN NAGAR
WASHIM

Y

YAMUNANAGAR
YAVATMAL



Management Discussion & Analysis

8

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.

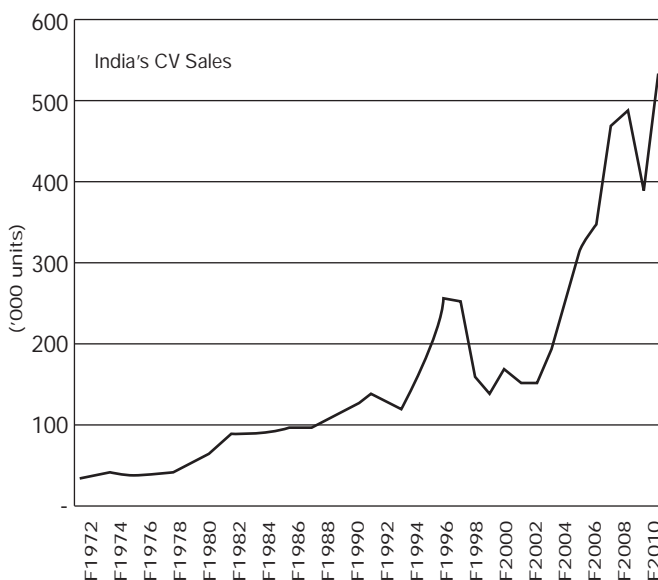
The CV industry has evolved tremendously over the years.

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