



AUDITORS' REPORT

To,
The Members of Shriram Transport Finance Company Limited

1. We have audited the attached Balance Sheet of Shriram Transport Finance Company Limited ('the Company') as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. In these financial statements are incorporated the audited statements of Northern Region, Western Region, Eastern Region, South West Region and South East Region which have been audited by Branch Auditors and have been relied upon by us. 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 statement 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) 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 and proper returns adequate for the purposes of our audit have been received from Regions not visited by us. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with;
 - 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 and with the audited financial statements received from Regions;
 - 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, 2008, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2008 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 Act, 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, 2008;
 - 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 Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R.BATLIBOI & Co.
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749
Mumbai
May 26, 2008

For G. D. Apte & Co.
Chartered Accountants

U. S. Abhyankar
Partner
Membership No: 113053
Mumbai
May 26, 2008

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(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. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed, the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanation 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 the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanation provided by the management, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301.
- (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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except for delay in depositing unclaimed/unpaid dividend of Rs. 5.36 lakhs, which has since been paid.

(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 lakhs)	Years to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands	35.11	A.Y. 1999-00	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	31.14	A.Y. 2000-01	Rs. 15.72 lakhs* before Income Tax Appellate Tribunal and Rs. 15.42 lakhs before CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	122.84	A.Y. 2001-02	Rs 16.23 lakhs* before Income Tax Appellate Tribunal and Rs. 106.61 lakhs before CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	2.51	A.Y. 2003-04	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	4,357.32	A.Y. 2004-05	CIT (Appeals)
Income Tax Act, 1961	Income Tax demands	2,881.88	A.Y. 2005-06	Rs 2,547.99 lakhs before CIT (Appeals). The company is in the process of filing appeal before Income Tax Appellate Tribunal for demands of Rs. 333.89 lakhs*
Finance Act, 1994 (Service Tax)	Service Tax on hire purchase and lease transactions	8,406.10	2001-02 onwards	Before Madras High Court
Finance Act, 1994 (Service Tax)	Service Tax demands	269.00	2003-04 & 2004-05	Commissioner of Central Excise and Customs

*Demands in respect of Shriram Overseas Finance Limited which got amalgamated with the Company during 2005-06.

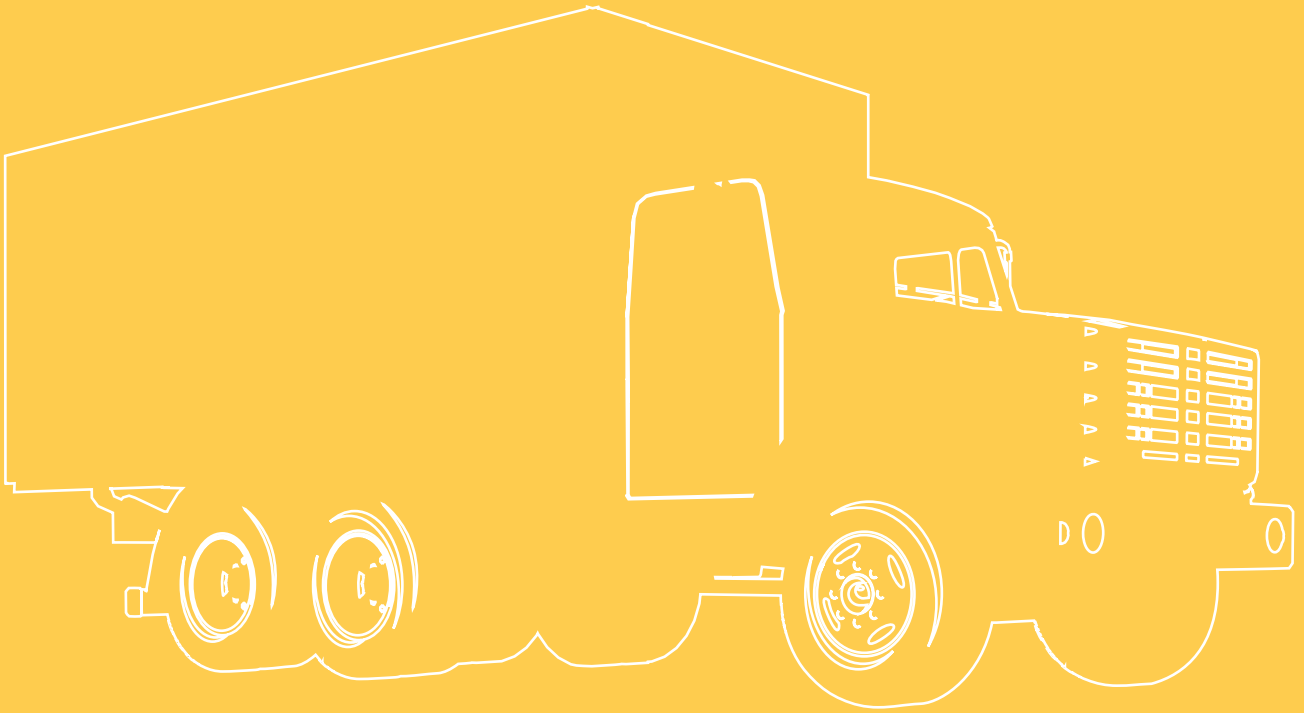
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that 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 Companies (Auditor's Report) Order, 2003 (as amended) 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, prima facie, 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 and considering the nature of the business and activity being carried on, 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 secured non convertible debentures amounting to Rs. 295,768 lakhs. The Company has created security or charge in respect of debentures issued.
- (xx) The Company has not raised any money by public issue during the year.
- (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 material fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R.BATLIBOI & Co.
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749
Mumbai
May 26, 2008

For G. D. Apte & Co.
Chartered Accountants

U. S. Abhyankar
Partner
Membership No: 113053
Mumbai
May 26, 2008



FINANCIAL SECTION



Balance Sheet as at March 31, 2008

		(Rs. in lakhs)	
	Schedule	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	20,315.94	18,418.27
Stock option outstanding	2	1,826.64	1,227.38
Optionally convertible warrants		2,400.00	772.80
Share application money pending allotment		21.37	-
Reserves and surplus	3	157,071.95	88,222.80
Loan Funds			
Secured loans	4	1,155,390.08	631,055.37
Unsecured loans	5	323,245.00	239,871.63
Deferred tax liabilities (net) (Refer note 10 of Schedule 21)		3,592.21	8,661.98
Total		1,663,863.19	988,230.23
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	21,008.90	18,239.07
Less : Accumulated depreciation		6,733.44	5,468.44
Less : Impairment provision		11.01	11.01
Net block		14,264.45	12,759.62
Capital work in progress (including capital advance)		-	3,986.91
		14,264.45	16,746.53
Investments	7	138,512.02	22,457.15
Current Assets, Loans and Advances			
Current assets			
Inventories	8	66.53	-
Receivables under financing activities		1,507,266.51	820,481.70
Sundry debtors		248.11	348.67
Cash and bank balances		137,420.45	181,064.16
Other current assets		2,956.86	850.87
		1,647,958.46	1,002,745.40
Loans and advances	9	26,103.57	41,586.38
		1,674,062.03	1,044,331.78
Less : Current Liabilities & Provisions			
Current liabilities	10	135,946.93	80,014.46
Provisions	11	27,028.38	15,304.50
		162,975.31	95,318.96
Net Current Assets			
Miscellaneous expenditure (to the extent not written off or adjusted)	12	-	13.73
Total		1,663,863.19	988,230.23
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.**
Chartered Accountantsper **Viren H. Mehta**
Partner
Membership No. 048749Mumbai
May 26, 2008For **G. D. Apte & Co.**
Chartered Accountants**U. S. Abhyankar**
Partner
Membership No. 113053For and on behalf of the Board of Directors of
Shriram Transport Finance Company Limited**R. Sridhar**
Managing Director**S. Venkatakrisnan**
Director**K. Prakash**
Vice President (Corporate Affairs) & Company Secretary

**Profit and Loss** for the year ended March 31, 2008

		(Rs. in lakhs)	
	Schedule	Year Ended March 31, 2008	Year Ended March 31, 2007
Income			
Income from operations	13	243,906.22	139,629.68
Other income	14	5,508.05	1,922.42
Total		249,414.27	141,552.10
Expenditure			
Interest & other charges	15	129,661.64	73,833.11
Raw material consumed	16	258.06	-
Personnel expenses	17	12,519.05	7,248.73
Operating & other expenses	18	19,498.42	13,886.12
Depreciation and lease adjustments (Refer Note 19 of Schedule 21)		3,705.97	1,281.85
Impairment loss / (reversals) on fixed assets and stock		-	(296.72)
Share & debenture issue expenses written off	19	13.74	27.44
Provisions & write offs	20	23,174.09	16,649.15
Total		188,830.97	112,629.68
Profit before taxation		60,583.30	28,922.42
Provision for taxation			
Current tax		26,387.42	14,445.62
Deferred tax (Refer note 10 of Schedule 21)		(5,069.77)	(4,706.87)
Fringe benefit tax		283.00	143.96
Total tax expense / (income)		21,600.65	9,882.71
Net profit		38,982.65	19,039.71
Balance brought forward from previous year		12,248.92	5,322.65
Profit available for appropriation		51,231.57	24,362.36
Appropriations:			
Interim dividend		2,170.20	1,749.01
Proposed final dividend		8,125.42	3,683.17
Tax on dividend		1,749.74	871.26
Transfer to Statutory Reserve		7,800.00	3,810.00
Transfer to General Reserve		3,900.00	2,000.00
Surplus carried to Balance Sheet		27,486.21	12,248.92
Earnings per share (refer note 9 of Schedule 21)			
Basic (Rs.)		20.26	11.01
Diluted (Rs.)		19.71	10.51
Nominal Value of 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.**
Chartered Accountantsper **Viren H. Mehta**
Partner
Membership No. 048749Mumbai
May 26, 2008For **G. D. Apte & Co.**
Chartered Accountants**U. S. Abhyankar**
Partner
Membership No. 113053For and on behalf of the Board of Directors of
Shriram Transport Finance Company Limited**R. Sridhar**
Managing Director**S. Venkatakrishnan**
Director**K. Prakash**
Vice President (Corporate Affairs) & Company Secretary



Cash Flow Statement for the year ended March 31, 2008

	(Rs. in lakhs)	
	Year Ended March 31, 2008	Year Ended March 31, 2007
A. Cash flow from operating activities		
Net profit before taxation	60,583.30	28,922.42
Depreciation	3,705.97	1,281.85
Share and debenture issue expenses written off	13.74	27.44
(Profit) / loss on sale of assets (net)	17.39	231.02
(Profit) / loss on sale of investments (net)	(717.70)	(11.65)
Interest and dividend received	(6,965.76)	(966.37)
Employees Stock option compensation cost	653.95	987.16
Provision for impairment	-	(296.72)
Provision for hedging contracts	690.42	15.02
Provision for credit loss on securitisation	511.64	970.33
Provisions and write off	23,373.02	16,412.49
Provision for gratuity	148.45	22.92
Provision for leave encashment	120.73	(0.82)
Provision for diminution in value of investments	60.67	(167.60)
Operating profit before working capital changes	82,195.82	47,427.49
Movements in working capital:		
(Increase) / decrease in stock on hire	5,665.49	21,648.89
(Increase) / decrease in assets under financial lease	14,649.11	17,394.67
(Increase) / decrease in assets under loan agreement	(726,682.58)	(342,440.12)
(Increase) / decrease in lease assets - net of sales	-	0.56
(Increase) / decrease in other loans and advances	15,712.00	(9,392.44)
(Increase) / decrease in other receivables (current assets)	(2,071.96)	(49.82)
Increase / (decrease) in current liabilities	57,152.49	23,050.94
Cash generated from operations	(553,379.63)	(242,359.83)
Direct taxes paid (net of refunds)	(26,899.61)	(14,205.82)
Net cash used in operating activities (A)	(580,279.24)	(256,565.65)
B. Cash flows from investing activities		
Investment in bank deposits (net)	(33,178.66)	(32,198.91)
Purchase of fixed assets	(5,252.92)	(1,622.25)
Proceeds from sale of fixed assets	24.70	746.91
Change in capital work in progress	3,986.91	(1,414.06)
Purchase of investments	(776,661.44)	(21,364.74)
Investment in associate company	(30.00)	(180.00)
Investment in subsidiary company	-	(4.99)
Proceeds from sale of investments in subsidiary company	4.99	-
Proceeds from sale of investments in associate company	112.50	-
Proceeds from sale of investments	661,221.69	19.63
Interest received	6,446.43	945.53
Dividend received	519.33	20.84
Net cash used in investing activities (B)	(142,806.46)	(55,052.04)

**Cash Flow Statement** for the year ended March 31, 2008 (Contd...)

	(Rs. in lakhs)	
	Year Ended March 31, 2008	Year Ended March 31, 2007
C. Cash flows from financing activities		
Proceeds from issue of equity share capital including securities premium	42,982.05	11,028.08
Proceeds from share application money	21.37	-
Proceeds from issue of share warrants	2,400.00	-
Increase / (decrease) in bank borrowings (net)	443,172.48	2,78,640.26
Increase / (decrease) in long term borrowings from others (net)	27,824.90	85,390.84
Increase / (decrease) in fixed deposits (net)	(763.73)	(399.93)
Increase / (decrease) in subordinate debts (net)	30,577.18	30,275.26
Increase / (decrease) in redeemable non convertible debentures (net)	119,111.61	2,327.63
Increase / (decrease) in inter corporate deposits and commercial papers (net)	(12,214.36)	34,000.00
Dividend paid	(5,853.38)	(5,320.67)
Tax on dividend	(994.78)	(746.23)
Net cash from financing activities (C)	646,263.34	435,195.24
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(76,822.36)	123,577.55
Cash and Cash Equivalents at the beginning of the year	144,021.66	20,444.11
Cash and Cash Equivalents at the end of the year	67,199.30	144,021.66
Components of Cash and Cash Equivalents	As at March 31, 2008	As at March 31, 2007
(Refer note 3 of schedule 21)		
Cash, Cheques on Hand and remittance in transit	6,689.69	4,871.89
With Banks - in Current Account	45,384.73	26,413.39
- in Fixed deposits (Original maturity being three months or less)	15,124.88	112,736.38
	67,199.30	144,021.66

As per our report of even date

For **S. R. BATLIBOI & Co.**
Chartered Accountantsper **Viren H. Mehta**
Partner
Membership No. 048749Mumbai
May 26, 2008For **G. D. Apte & Co.**
Chartered Accountants**U. S. Abhyankar**
Partner
Membership No. 113053For and on behalf of the Board of Directors of
Shriram Transport Finance Company Limited**R. Sridhar**
Managing Director**S. Venkatakrisnan**
Director**K. Prakash**
Vice President (Corporate Affairs) & Company Secretary



Schedules forming part of the Balance Sheet

	(Rs. in lakhs)	
	As at March 31, 2008	As at March 31, 2007
Schedule 1 - Share Capital		
Authorised		
335,000,000 (March 31, 2007 : 335,000,000) Equity Shares of Rs. 10/- each	33,500.00	33,500.00
20,000,000 (March 31, 2007 : 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		
203,135,416 (March 31, 2007 : 184,158,716) equity shares of Rs. 10/- each	20,313.54	18,415.87
Of the above :		
i) 79,279,236 equity shares of Rs. 10/- each allotted for consideration other than cash pursuant to the schemes of amalgamation.		
ii) 233,950 (March 31, 2007 : 157,250) equity shares of Rs. 10/- each have been issued under Employee stock option scheme.		
[Refer note no.16 of Schedule 21]		
Add : Share Forfeiture	2.40	2.40
[48,000 equity shares of Rs. 10/- each (Rs 5/- each paid up forfeited)]		
	20,315.94	18,418.27
Schedule 2 - Stock Option Outstanding	As at March 31, 2008	As at March 31, 2007
Employee Stock option outstanding	2,689.69	2,961.28
Less : Deferred Employee compensation outstanding	863.05	1,733.90
	1,826.64	1,227.38
Schedule 3 - Reserves and Surplus	As at March 31, 2008	As at March 31, 2007
Capital Reserve	17.03	17.03
Capital Redemption Reserve	5,388.35	5,388.35
Securities Premium Account		
Balance as per last account	49,415.08	38,551.73
Add: Amount received during the year	41,911.86	10,863.35
	91,326.94	49,415.08
Statutory Reserve		
Balance as per last account	13,799.79	9,989.79
Add: Transfer from Profit & Loss Account	7,800.00	3,810.00
	21,599.79	13,799.79
Debenture Redemption Reserve		
Balance as per last account	-	100.00
Less: Transfer to General Reserve	-	100.00
	-	-
General Reserve		
Balance as per last account	7,353.63	5,253.63
Add: Transfer from Debenture Redemption Reserve	-	100.00
Add: Transfer from Profit & Loss Account	3,900.00	2,000.00
	11,253.63	7,353.63
Balance in Profit & Loss Account	27,486.21	12,248.92
	157,071.95	88,222.80



Schedules forming part of the Balance Sheet

(Rs. in lakhs)

Schedule 4 - Secured Loans	As at March 31, 2008	As at March 31, 2007
Redeemable non convertible debentures [Refer note 2(1)(a)(i)(ii)(iii) of Schedule 21]	312,255.20	183,799.02
Application money on Redeemable non convertible debentures [Since Alloted]	895.21	1,039.78
Term loans		
i) From Financial institutions / Foreign institution / Corporates	111,263.73	82,272.73
ii) From banks [Refer note 2(1)(b)(i)(ii)(iii) of Schedule 21]	505,329.28	259,825.48
Cash credit from banks [Refer note 2(1)(c) of Schedule 21]	225,646.66	104,118.36
	1,155,390.08	631,055.37
Schedule 5 - Unsecured Loans	As at March 31, 2008	As at March 31, 2007
Fixed deposits [Due within one year Rs. 269.67 lakhs (March 31, 2007 : Rs. 667.12 lakhs)]	342.00	1,105.73
Inter corporate deposits [Due within one year Rs. 56.24 lakhs (March 31, 2007 : Rs. 30 lakhs)]	120.64	30.00
Subordinated debts [Due within one year Rs. 3,976.80 lakhs (March 31, 2007 : NIL)]	98,959.81	68,443.43
Application money on Subordinated debts [Since Alloted]	437.17	376.37
Redeemable non-convertible debentures (Redeemable over a period of 89 days to 36 months) [Due within one year Rs. 1,300 lakhs (March 31, 2007 : Rs. 13,000 lakhs)]	3,800.00	13,000.00
Commercial papers (Short Term) [Maximum amount raised at anytime during the year : Rs. 36,500 lakhs (March 31, 2007 :Rs. 38,500 lakhs)]	21,695.00	34,000.00
Term loan :		
i) From banks [Due within one year Rs. 84,482.38 lakhs (March 31, 2007 : Rs. 33,350 lakhs)]	151,890.38	75,750.00
ii) From corporates [Due within one year Rs. NIL (March 31, 2007 : Rs. 7,166.10 lakhs)]	46,000.00	47,166.10
	323,245.00	239,871.63



Schedules forming part of the Balance Sheet

Schedule 6 - Fixed Assets																
Particulars	Gross Block						Depreciation / Amortisation				Impairment losses			Net Block		
	As at April 1, 2007	Additions during the year	Deletions during the year	Adjustments #	As at March 31, 2008	As at April 1, 2007	For the year	Deletions	Adjustments #	As at March 31, 2008	As at April 1, 2007	Additions	Reversals	As at March 31, 2008	As at March 31, 2007	
		year	year				year									
OWN USE																
Land - Freehold	223.71	-	-	-	223.71	-	-	-	-	-	-	-	-	-	223.71	223.71
Buildings	468.21	-	-	-	468.21	80.75	7.63	-	-	88.38	11.01	-	-	-	368.82	376.45
Plant and Machinery	13,468.10	4,098.36	898.59	(194.97)	16,472.90	3,550.64	2,263.64	896.12	(47.97)	4,870.19	-	-	-	-	11,602.71	9,917.46
Furniture and Fixtures	2,532.25	256.21	515.24	(1,544.67)	728.55	805.76	321.34	514.16	(328.34)	284.60	-	-	-	-	443.95	1,726.49
Vehicles	570.30	36.43	118.56	-	488.17	195.40	53.98	81.34	-	168.04	-	-	-	-	320.13	374.90
Leasehold Improvement	-	629.92	169.86	1,739.64	2,199.70	-	930.32	168.53	376.31	1,138.10	-	-	-	-	1,061.60	-
INTANGIBLE ASSETS																
Computer Software	197.60	232.00	1.94	-	427.66	58.70	127.36	1.93	-	184.13	-	-	-	-	243.53	138.90
TOTAL (A)	17,460.17	5,252.92	1,704.19	-	21,008.90	4,691.25	3,704.27	1,662.08	-	6,733.44	11.01	-	-	11.01	14,264.45	12,757.91
ON LEASE																
Plant and Machinery	14.45	-	14.45	-	-	12.74	1.71	14.45	-	-	-	-	-	-	-	1.71
Furniture and Fixtures	0.26	-	0.26	-	-	0.26	0.00	0.26	-	-	-	-	-	-	-	-
Vehicles	764.19	-	764.19	-	-	764.19	-	764.19	-	-	-	-	-	-	-	-
TOTAL (B)	778.90	-	778.90	-	-	777.19	1.71	778.90	-	-	-	-	-	-	-	1.71
GRAND TOTAL (A + B)	18,239.07	5,252.92	2,483.09	-	21,008.90	5,468.44	3,705.98	2,440.98	-	6,733.44	11.01	-	-	11.01	14,264.45	12,759.62
Year ended March 31, 2007	18,366.49	1,622.25	1,749.67	-	18,239.07	4,957.78	1,337.16	771.19	55.31	5,468.44	259.44	-	248.43	11.01	12,759.62	-

Adjustments represent reclassification of amounts of leasehold improvements which were earlier included in Plant and Machinery and Furniture and Fixtures.



Schedules forming part of the Balance Sheet

	(Rs. in lakhs)			
	As at March 31, 2008	As at March 31, 2007	As at March 31, 2008	As at March 31, 2007
Schedule 7 - Investments	Quantity	Quantity	Amount	Amount
Long Term Investments (At cost)				
Other than trade				
A. Government Securities				
a) Quoted				
12.00% G.I. Loan 2008 (Face Value - Rs. 139.60 lakhs)			142.39	142.39
12.25% G.I. Loan 2008 (Face Value - Rs. 2.0 lakhs)			2.05	2.05
12.40% G.I. Loan 2013 (Face Value - Rs. 85.0 lakhs)			86.09	86.09
13.05% G.I. Loan 2007 (Face Value - Rs. 156.30 lakhs) (Redeemed during the year)			-	164.79
6.13% G.I. Loan 2028 (Face Value - Rs. 176.0 lakhs)			178.55	178.55
7.40% G.I. Loan 2012 (Face Value - Rs. 13.50 lakhs)			15.27	15.27
11.50% Tamilnadu Loan 2010 (Face Value - Rs. 0.06 lakhs)			0.06	0.06
12.00% Tamilnadu Loan 2011 (Face Value - Rs. 3.00 lakhs)			3.03	3.03
13.05% Tamilnadu Loan 2007 (Face Value - Rs. 0.05 lakhs) (Redeemed during the year)			-	0.05
[Refer note no.8 of Schedule 21]				
b) Unquoted				
National Saving Certificate (Redeemed during the year)			-	0.07
B. Shares : Fully paid up				
a) Quoted - Equity shares				
Shriram Asset Management Company Limited (Face value of Rs. 10/-each)	2,400,000	2,400,000	240.00	240.00
Gujarat State Financial Corporation Limited (Face value of Rs. 10/- each) (Sold during the year)	-	46,800	-	9.36
ING Vysya Bank Limited (Face value of Rs. 10/- each) (Sold during the year)	-	600	-	0.71
b) Unquoted - Equity shares				
SICOM 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) (Sold during the year 250,000 & Purchased during the year 30,000)	180,000	400,000	97.50	180.00
C. Pass Through Certificates				
Investment in Small Operator Trust	-	-	750.00	750.00
Current Investments (At lower of cost and market value)				
Quoted				
Investment in Mutual Funds - Liquid Fund Schemes (Sold during the year)				
Franklin Templeton Investments	-	250,019	-	2,500.81
HSBC Mutual Fund	-	20,004,220	-	2,001.54
ING Vysya Mutual Fund	-	9,992,070	-	1,000.42
LIC Mutual Fund	-	9,112,873	-	1,000.60
Principal Mutual Fund	-	51,039,564	-	5,104.31
Quantum Liquid Fund	-	10,004,900	-	1,000.49
Reliance Mutual Fund	-	70,039,455	-	7,006.12
UTI Mutual Fund	-	98,137	-	1,000.45
Unquoted - Equity Shares				
In subsidiary Company				
Shriram Powergen Limited (Face value of Rs. 10/- each) (sold during the year)	-	49,940	-	4.99



Schedules forming part of the Balance Sheet

(Rs. in lakhs)

Schedule 7 - Investments (Contd...)	As at	As at	As at	As at
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	Quantity	Quantity	Amount	Amount
Investment in Certificate of Deposit with Banks (purchased during the year)				
Axis Bank Ltd	2,000	-	1,884.48	-
Canara Bank	30,500	-	27,943.05	-
Federal Bank Ltd	4,500	-	4,152.56	-
ICICI Bank	74,000	-	69,878.36	-
Industrial Development Bank of India Ltd	16,000	-	14,990.95	-
State Bank of Bikaner & Jaipur	5,000	-	4,679.97	-
State Bank of Travancore	500	-	489.50	-
UCO Bank	10,000	-	9,145.00	-
Vijaya Bank	2,500	-	2,283.84	-
YES Bank Ltd	1,500	-	1,484.37	-
			138,512.02	22,457.15
Aggregate Value of Quoted Investments				
Cost			667.44	21,457.10
Market Value *			913.90	21,561.60
*Cost has been considered wherever market value is not available				
Aggregate Value of Unquoted Investments				
Cost			137,844.58	1,000.05

Details of investments purchased and redeemed during the year ended March 31, 2008

Current Investments (At cost)

Investments in Mutual Funds	Quantity	Amount
ABN AMRO Cash Fund-Institutional Plus-Daily Dividend	25,000,000	2,500.00
ABN AMRO Cash Fund-Institutional Plus-Growth	54,910,098	5,500.00
ABN AMRO Money Plus Institutional Growth	46,651,009	5,501.42
AIG India Liquid Fund Super Institutional Daily Dividend	1,049,309	10,500.00
AIG Short Term Fund Institutional Weekly Dividend	100,017	1,000.17
AIG India Liquid Fund Super Institutional Growth	1,910,725	19,537.82
AIG India Treasury Plus Fund Super Institutional Growth	19,379,230	2,001.70
DBS Chola Short Term Floating Rate Fund-Daily Dividend Reinvestment Plan	24,959,067	2,500.00
DBS Chola Short Term Floating Rate Cumulative	142,593,051	17,000.00
DSP Merrill Lynch Liquidity Fund-Institutional-Daily Dividend Plan	1,399,720	14,000.00
DSP Merrill Lynch Liquidity Fund-Institutional- Growth Plan	652,163	7,500.00
DWS Insta Cash Plus Fund Super Institutional-Daily Dividend Plan	49,900,200	5,000.00
DWS Insta Cash Plus Fund Super Institutional- Growth Plan	166,339,672	17,014.29
DWS Credit Opportunities Cash Fund-Growth Plan	4,753,981	500.00
Templeton India TMA-Super IP-Daily Dividend Reinvestment	1,149,713	11,500.00
Templeton India TMA-Super IP-Growth	1,453,516	17,036.88
Templeton Floating Rate Income Fund Long Term Plan Super Institutional Option-Growth	80,787,179	8,502.12
Templeton India Ultra Short Bond Fund Super Institutional Plan-Growth	29,669,819	3,000.41
Templeton India Short Term Income Plan Institutional-Growth	41,970	500.00
HSBC Cash Fund-Institutional Plus-Daily Dividend	109,938,434	11,000.00
HSBC Cash Fund-Institutional Plus-Growth	71,583,527	9,000.00
HSBC Liquid Plus-Institutional Plus-Growth	9,111,363	1,000.21
ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Div - Reinvest Dividend	74,996,250	7,500.00
ICICI Prudential Institutional Liquid Plan Super Institutional Growth	120,429,528	14,018.34
ICICI Prudential Flexible Income Plan Growth	82,053,436	12,001.94
ING VVSYA Liquid Fund Institutional-Daily Dividend Option	109,867,061	11,000.00



Schedules forming part of the Balance Sheet

(Rs. in lakhs)

Investments in Mutual Funds (Contd...)	Quantity	Amount
ING VYSYA Liquid Fund Super Institutional-Daily Dividend Option	65,183,486	6,521.48
ING VYSYA Liquid Fund Super Institutional-Growth Option	110,416,307	13,024.92
ING VYSYA Liquid Plus Fund-Institutional Growth	18,799,083	2,001.37
J P Morgan India Liquid Fund-Dividend Plan-Reinvestment	74,940,797	7,500.00
J P Morgan India Liquid Plus Fund-Dividend Plan-Reinvestment	24,982,423	2,500.47
J P Morgan India Liquid Fund - Growth Fund	68,541,508	7,000.00
J P Morgan India Liquid Plus Fund - Growth Fund	19,397,709	2,000.41
Kotak Liquid Institutional Premium-Daily Dividend	73,600,968	9,000.00
Kotak Flexi Debt Scheme-Daily Dividend	49,919,371	5,007.46
Kotak Flexi Debt Scheme-Growth	105,650,705	13,025.22
Kotak Liquid Institutional Premium-Growth	65,359,729	10,500.00
LIC Liquid Fund-Dividend Plan	40,983,233	4,500.00
LIC Liquid Fund-Growth Plan	34,759,716	5,000.00
Lotus India Liquid Fund-Institutional Plus Daily Dividend	104,990,651	10,500.00
Lotus India Liquid Fund-Super Institutional Growth	156,718,543	17,032.05
Lotus India Liquid Plus Fund-Institutional Growth	45,887,124	5,000.60
Lotus India Short Term Plan-Institutional Growth	27,648,497	3,007.71
Mirea Asset Liquid Fund Super Inst.-Dividend Plan	200,000	2,000.00
Principal Liquid Option Inst Prem Plan-Dividend Reinvestment Daily	129,990,901	13,000.00
Principal Liquid Plus Fund-Growth Plan	29,863,932	3,000.00
Principal Floating Rate Fund FMP-Inst Option Growth Plan	44,011,327	5,501.10
Principal Cash Management Fund-Liquid Option Inst. Prem Plan-Growth	44,253,255	5,500.00
Quantum Liquid Fund-Daily Dividend	35,000,000	3,500.00
Reliance Liquidity Fund-Daily Dividend Reinvestment Option	139,956,613	14,000.00
Reliance Liquidity Fund-Growth	139,003,624	16,531.49
Tata Liquid Super High Investment Fund-Daily Dividend	2,243,112	2,500.00
Tata Liquid Super High Inv. Fund-Appreciation	577,692	8,500.00
Tata Treasury Manager Ship Growth	432,923	4,500.69
Tflg Tata Floater Fund-Growth	17,020,356	2,001.29
TSTG Tata Short Term Bond Fund-Growth	17,249,973	2,500.43
UTI Liquid Cash Plan Institutional-Daily Income Option-Re-Investment	1,520,434	15,500.00
UTI Liquid Cash Plan Institutional-Growth Option	385,447	5,000.00
UTI Liquid Plus Fund Institutional Plan-Growth Option	189,578	2,000.00
	2,920,359,055	444,771.99
Investment in Certificate of Deposit	Quantity	Amount
ABN AMRO Bank	350,000	3,496.10
Allahabad Bank	9,500	9,404.54
Axis Bank Ltd	500	485.05
Canara Bank	23,000	22,639.18
Corporation Bank	7,500	7,418.34
Federal Bank Limited	2,000	1,858.26
ICICI Bank	2,027,000	28,633.11
Industrial Development Bank of India Limited	5,000	4,875.35
Jammu & Kashmir Bank Limited	2,500,000	2,493.99
Kotak Bank	500	489.92
Punjab National Bank	6,022,500	28,218.13
Standard Chartered Bank	2,507,090	9,562.68
State Bank of Bikaner & Jaipur	4,515,000	19,319.12
State Bank of India	10,000	9,834.61
State Bank of Mysore	11,500	11,385.45



Schedules forming part of the Balance Sheet

(Rs. in lakhs)

Investment in Certificate of Deposit (Contd...)	Quantity	Amount
State Bank of Patiala	13,500	13,294.19
State Bank of Travancore	8,500	8,388.86
UCO Bank	6,500	6,402.26
Union Bank of India	2,500	2,482.27
YES Bank Limited	4,300	4,275.96
Total	18,026,390	194,957.37

Details of investments purchased and redeemed during the year ended March 31, 2007

Current Investments (At cost)

Investments in Mutual Funds	Quantity	Amount
Reliance Mutual Fund	70,024,117	7,004.58
UTI Mutual Fund	49,153	501.09
Principal Mutual Fund	2,001,568	200.20
Total	72,074,838	7,705.87

Schedule 8 - Current Assets	As at March 31, 2008	As at March 31, 2007
Inventories- Raw Materials (at lower of cost and net realisable value)	66.53	-
Receivables under financing activities		
i) Stock under Hire Purchase agreement (Net of Unmatured Finance Charges)	-	5,665.49
ii) Hypothecation loan	1,500,224.10	793,068.46
iii) Assets given on Financial lease	7,042.41	21,691.52
iv) Repossessed assets	-	56.23
	1,507,266.51	820,481.70
Sundry Debtors (Unsecured, considered Good)		
Debts outstanding for a period exceeding six months	-	262.21
Other debts	248.11	86.46
	248.11	348.67
Cash & Bank Balances		
i) Cash on hand	5,639.48	2,281.08
ii) Cheques on hand	856.52	215.76
iii) Remittances in transit	193.69	2,375.05
iv) Balances with scheduled banks in:		
Fixed Deposit Accounts*	85,346.03	149,778.88
Current accounts	45,384.73	26,413.39
	137,420.45	181,064.16
Other current assets		
Interest accrued on investments and fixed deposits	2,956.86	850.87
	1,647,958.46	1,002,745.40

* Includes Fixed deposits of Rs. 63,537.58 (March 31, 2007 : Rs. 33,008 lakhs) pledged with Banks as margin for securitisation and Rs. 1,252.86 lakhs (March 31, 2007: Rs. 3,629.44 lakhs) pledged as lien against loans taken.



Schedules forming part of the Balance Sheet

(Rs. in lakhs)

Schedule 9 - Loans and Advances	As at March 31, 2008	As at March 31, 2007
Secured, Considered Good		
Loans	4,046.50	4,328.29
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	14,541.58	14,445.34
Advance - Hypothecation loans	2,699.85	16,326.18
Advance tax (net of provisions for tax)	2,349.66	2,120.47
Prepaid expenses	1,589.87	2,776.53
Security deposits **	876.11	1,589.57
	26,103.57	41,586.38

** Includes deposit of Rs. 277.32 lakhs (March 31, 2007 : Rs. 323.98 lakhs) pledged as margin for securitisation and Rs. 55 lakhs (March 31, 2007 : Rs. 131.86 lakhs) pledged as lien against loans taken.

Schedule 10 - Current Liabilities	As at March 31, 2008	As at March 31, 2007
Caution and lease deposits	-	10.21
Sundry creditors (Refer Note 22 of Schedule 21)	7,086.44	3,013.79
Interest accrued but not due	55,751.58	34,759.79
Unclaimed Redeemable Preference Shares	102.64	149.25
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed Matured Deposits	52.00	64.36
- Unclaimed Matured Debentures	5,381.81	2,314.19
- Interest accrued and due on above	1,940.80	537.81
- Unclaimed dividend	126.11	108.81
Temporary credit balance in bank accounts	12,394.79	5,930.09
Securitization deferred income	44,092.11	24,133.29
Other liabilities	9,018.65	8,992.87
	135,946.93	80,014.46

Schedule 11 - Provisions	As at March 31, 2008	As at March 31, 2007
For non-performing assets	10,330.21	6,540.36
For credit loss on securitisation	5,830.18	4,098.52
For diminution in value of investments	145.89	100.31
For hedging contracts	705.44	15.02
For leave encashment	187.57	66.85
For gratuity	322.76	174.31
Proposed dividend	8,125.42	3,683.17
Corporate dividend tax	1,380.91	625.96
	27,028.38	15,304.50

Schedule 12 - Miscellaneous Expenditure (to the extent not written off or adjusted)	As at March 31, 2008	As at March 31, 2007
Share issue expenses	-	11.34
Debenture issue expenses	-	2.39
	-	13.73



Schedules forming part of the Profit and Loss account

(Rs. in lakhs)

Schedule 13 - Income from Operations	Year ended March 31, 2008	Year ended March 31, 2007
Finance & service charges *	224,782.80	136,784.70
Fees from reconditioning/exchange of trucks	-	141.75
Interest on loans & advances *	482.99	709.74
Interest on margin money on securitisation*	3,553.78	571.84
Income on securitisation	15,086.65	1,421.65
	243,906.22	139,629.68

Schedule 14 - Other Income	Year ended March 31, 2008	Year ended March 31, 2007
Interest on deposits with banks *	2,436.50	313.68
Sale of electricity	1,290.12	1,130.66
Income from Long Term Investments (non trade)		
- Profit on sale of investments	4.50	11.65
- Dividend	-	0.42
- Interest on government securities	41.27	60.01
- Interest on Pass Through Certificates	75.21	25.27
Income from Current Investments (non trade)		
- Profit on sale of investments	715.96	-
- Dividend	519.33	20.42
- Interest on Certificate of Deposits	414.88	-
Profit on sale of assets	6.50	83.36
Commission received	-	191.20
Miscellaneous income	3.78	85.75
	5,508.05	1,922.42

* Tax deducted at source of Rs. 998.33 lakhs (March 31, 2007 : Rs. 246.35 lakhs)

Schedule 15 - Interest & Other Charges	Year ended March 31, 2008	Year ended March 31, 2007
Interest & Other Charges on :		
Debentures	34,120.26	26,585.50
Subordinated debts	10,161.50	5,439.59
Fixed deposits	101.85	150.73
Loans from banks	56,804.74	26,613.91
Loans from institutions and others	21,423.74	8,064.48
Commercial paper	2,225.29	1,653.33
Bank charges	735.44	581.99
Processing charges on loans/securitization	2,991.00	4,740.42
Fees / Loss on sale of second loss credit / liquidity facilities	1,097.82	3.16
	129,661.64	73,833.11

Schedule 16 - Raw Material Consumed	Year ended March 31, 2008	Year ended March 31, 2007
Opening Stock	-	-
Add : Purchases	324.59	-
Closing Stock	66.53	-
	258.06	-



Schedules forming part of the Profit and Loss account

	(Rs. in lakhs)	
	Year ended March 31, 2008	Year ended March 31, 2007
Schedule 17 - Personnel Expenses		
Salaries & other allowances	11,558.30	6,683.63
Gratuity expenses	212.96	42.61
Contribution to provident and other funds	494.39	240.00
Staff welfare expenses	253.40	282.49
	12,519.05	7,248.73
Schedule 18 - Operating and other Expenses		
Rent	1,475.33	987.91
Electricity expenses	303.53	244.13
Repairs & Maintenance		
- Plant & machinery	91.53	148.24
- Others	1,238.57	896.47
Rates & taxes	170.07	175.05
Printing & stationery	1,191.84	1,038.17
Travelling & conveyance	1,939.13	1,390.59
Advertisement	93.85	747.04
Brokerage and discount	6,528.13	4,322.12
Sourcing and collection commission	57.95	44.61
Royalty	623.54	356.35
Directors' sitting fees	17.80	9.78
Insurance	107.29	54.45
Communication expenses	1,583.40	1,140.46
Auditor's remuneration		
- Audit fees	53.20	45.14
- Tax audit fees	2.55	2.53
- Other services	12.75	5.06
- Out of pocket	4.36	2.86
Legal & professional charges	848.69	581.47
Donations	75.26	75.14
Loss on sale of assets	23.89	314.38
Miscellaneous expenses	3,055.76	1,304.17
	19,498.42	13,886.12
Schedule 19 - Share & Debenture issue expenses written off		
Share issue expenses	11.35	8.89
Debenture issue expenses	1.37	15.31
Deferred revenue expenses	1.02	3.24
	13.74	27.44
Schedule 20 - Provisions & Write offs		
Provision for non performing assets	3,789.85	3,142.42
Provision for credit loss on securitisation	511.64	970.33
Provision for diminution in value of investments	60.67	(167.60)
Bad debts written off	19,583.17	13,270.07
Bad debt recovery	(774.00)	(566.07)
Loss on sale of long term investments	2.76	-
	23,174.09	16,649.15



Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2008

Schedule 21 - Significant Accounting Policies and Notes to Accounts

1 Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, 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 except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Use of estimates

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

(c) Changes in Accounting Policies

Till March 31, 2007, the Company was providing for leave benefits based on actuarial valuation. In the current year, the Company has adopted the AS 15 (Revised) which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly the Company has changed method of providing short term leave benefits from actuarial valuation to estimate basis. Further, in accordance with the transitional provision in the revised AS, no amount has been adjusted to the General Reserve as the amount is not material. This change is not having material impact on the profit for the current year.

(d) Fixed Assets, depreciation and impairment of assets

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation 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

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

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Windmills	10%	5.28%
Computer Software	33.33%	16.67%

Leasehold improvement is amortized over the primary period of lease subject to a maximum of 60 months.

All fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of installation.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

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

(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

Secured loans, hire purchase and lease receivables are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. Delinquencies on assets securitized are provided for based on management estimates of the historical data.

(g) Stock on Hire and hypothecation loans

Stock under hire-purchase agreements and hypothecation loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to March 31, 2008 and stocks securitized.



(h) **Leases**

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return ('IRR'). The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(i) **Foreign currency translation**

Initial recognition

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

Conversion

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

Exchange differences

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

(j) **Inventories**

Inventories are valued as follows:

Raw materials, components, stores and spares:

Lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) **Revenue recognition**

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

- i. Income on Hire-Purchase / lease/financial lease/ loans is recognised on the basis of internal rate of return.
- ii. Income recognized and remaining unrealized after installments become overdue for six months or more in case of secured loans and twelve months or more in case of hire purchase / lease transactions are reversed and are accounted as income when these are actually realized.
- iii. Additional finance charges / additional interest are treated to accrue only on realization, due to uncertainty of realization and are accounted accordingly.
- iv. Gains arising on securitization/direct assignment of assets is recognized over the tenure of agreements as per guideline on securitization of standard assets issued by RBI, loss (if any) is recognised upfront.
- v. Income from power generation is recognized as per the terms of the Power Purchase Agreements with State Electricity Boards and on supply of power to the grid.
- vi. Income from services is recognized as per the terms of the contract on accrual basis.
- vii. Interest income on fixed deposits and pass through certificates is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- viii. Dividend is recognized as income when right to receive payment is established by the date of balance sheet.
- ix. The Profit/Loss on the sale of investments is dealt with at the time of actual sale/redemption.

(l) **Employee benefits**

Provident Fund

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

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees at retirement, death while in employment or on termination of employment. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out annually for assessing liability as at the balance sheet date.

Leave Encashment

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

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

**(m) Income tax**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The un-recognized deferred tax assets are re-assessed by the Company at each balance sheet date and are recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(n) Segment reporting policies***Identification of segments:***

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

Unallocated items:

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

(o) Earnings per share

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

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

(p) 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.

(q) Cash and cash equivalents

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

(r) Deferred revenue expenditure

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

(s) Expenses on deposits / debentures

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

(t) Derivative instruments

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

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

(u) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**Schedules** forming part of Balance Sheet and Profit & Loss Account for the year ended March 31, 2008

2

Notes to Accounts

1

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

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Number	151,65,476	123,79,858
Amount	151,654.76	123,798.58

Secured by exclusive mortgage of office premises. Further secured by charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, leased assets, loans, advances and other investments of the Company subject to prior charges created or to be created in favour of the Company's bankers, financial institutions and others.

Debentures are redeemable over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement.

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

Date of Allotment/ renewal	Amount (Rs. in lakhs)		Redemption date
	As at March 31, 2008	As at March 31, 2007	
05.05.2006	-	5,000.00	04.05.2007
23.10.2006	-	10,000.00	24.10.2007
12.12.2006	-	5,000.00	17.12.2007
14.12.2006	5,000.00	5,000.00	18.04.2008
18.01.2007	11,000.00	11,000.00	18.07.2008
21.06.2007	2,500.00	-	19.12.2008
27.06.2007	2,500.00	-	27.02.2009
27.06.2007	2,500.00	-	26.12.2008
04.07.2007	5,000.00	-	04.07.2009
05.07.2007	15,000.00	-	05.07.2010
09.07.2007	7,000.00	-	09.07.2010
11.07.2007	1,000.00	-	09.07.2010
17.07.2007	15,000.00	-	17.07.2009
25.07.2007	15,000.00	-	25.07.2010
30.07.2007	2,500.00	-	30.07.2009
28.08.2007	2,500.00	-	28.04.2009
07.09.2007	4,000.00	-	04.09.2009
10.09.2007	2,500.00	-	10.09.2010
13.09.2007	1,000.00	-	13.09.2009
13.09.2007	3,400.00	-	19.09.2008
17.09.2007	3,800.00	-	17.09.2010
21.09.2007	2,500.00	-	21.09.2010
05.10.2007	2,000.00	-	05.10.2009
05.10.2007	1,500.00	-	05.10.2010
09.10.2007	2,500.00	-	09.10.2009
12.10.2007	2,500.00	-	28.09.2009
15.10.2007	2,000.00	-	15.10.2010
18.10.2007	12,000.00	-	18.10.2010
19.10.2007	5,000.00	-	19.10.2010
19.10.2007	8,000.00	-	18.10.2009
22.10.2007	2,500.00	-	22.10.2009
30.10.2007	5,000.00	-	30.10.2009
Total	146,700.00	36,000.00	

Secured by exclusive charge by way of hypothecation of loan agreements.


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

Date of Allotment/renewal	Amount (Rs. in lakhs)		Redemption date
	As at March 31, 2008	As at March 31, 2007	
18.07.2006	-	10,000.00	18.07.2007
29.08.2006	-	1,500.00	29.11.2007
31.08.2006	-	10,000.00	29.08.2007
26.09.2006	-	1,000.00	24.12.2007
26.09.2006	-	1,000.00	25.09.2007
27.09.2006	-	500.00	26.09.2007
18.01.2007	0.44	0.44	18.01.2009
07.06.2007	2,500.00	-	06.05.2008
20.06.2007	500.00	-	18.06.2008
22.06.2007	2,500.00	-	23.06.2008
07.08.2007	5,000.00	-	30.07.2009
21.09.2007	3,400.00	-	19.09.2008
Total	13,900.44	24,000.44	

Secured by exclusive charge by way of hypothecation of loan agreements.

b) Term Loans :

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
i. From Financial Institutions / Corporates :		
(a) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to hypothecation loans	106,342.57	75,471.30
(b) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	1,785.36	2,053.72
(c) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm and guaranteed by a former Director.	963.00	1,126.38
ii. From Foreign Institution:		
Secured by an exclusive charge by way of Hypothecation of specific Loan agreements and all amounts owing to and received by the Company pursuant to the above Agreements	2,172.80	3,621.33
Total	111,263.73	82,272.73

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
iii. From Banks :		
a) Secured by hypothecation of vehicles	10.07	13.47
b) Secured by an exclusive charge by way of hypothecation of specific movable assets being fixed / current assets relating to lease, hypothecation loans	502,000.38	256,001.64
c) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the wind farm	1,202.27	1,431.99
d) Secured by an exclusive charge by way of hypothecation of specific immovable/ movable assets pertaining to the bio mass plant.	2,116.56	2,378.38
Total	505,329.28	259,825.48



c)	Cash Credit from Banks	(Rs. in lakhs)	
		As at March 31, 2008	As at March 31, 2007
	Cash Credit from Banks	225,646.66	104,118.36

Secured by hypothecation of specific assets covered under Loan Agreements, Book debts, equitable mortgage of title deeds of immovable property.

2 Subordinated Debt

The Company has raised Tier II capital by issue of subordinated debt bonds amounting to Rs. 30,516.38 lakhs (March 31, 2007: Rs. 29,898.89 lakhs) with coupon rate of 10% to 12% per annum which are redeemable over a period of 62 months to 80 months.

3 Cash & Cash Equivalents

(Rs. in lakhs)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
	Cash & Bank balance (as per schedule 8)	137,420.45
Less : Fixed deposits having original maturity greater than 3 months or pledged with banks or lien marked deposits	70,221.15	37,042.50
Balance considered as cash & cash equivalents for cash flow statement	67,199.30	144,021.66

4 Gratuity and other post-employment benefit plans:

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

Consequent to the adoption of revised AS 15 'Employee Benefits' issued by the ICAI, the following disclosures have been made as required by the standard:

Profit and Loss account

(Rs. in lakhs)

Net employee benefit expense (recognized in Employee Cost)

Particulars	Gratuity March 31, 2008
	Current service cost
Interest cost on benefit obligation	17.24
Expected return on plan assets	NA
Net actuarial (gain) / loss recognised in the year	101.94
Past service cost	-
Net benefit expense	172.43
Actual return on plan assets	NA

Balance sheet

(Rs. in lakhs)

Details of Provision for gratuity

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



(Rs. in lakhs)

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

Particulars	Gratuity March 31, 2008
Opening defined benefit obligation	174.31
Interest cost	17.24
Current service cost	53.25
Benefits paid	(23.98)
Actuarial (gains) / losses on obligation	101.94
Closing defined benefit obligation	322.76

The Company would not contribute any amount to gratuity in 2008-09 as the scheme is unfunded.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity March 31, 2008
	%
Investments with insurer	NA

The principal assumptions used in determining gratuity obligations for the company's plan are shown below:

Particulars	Gratuity March 31, 2008
Discount Rate	8%
Increase in compensation cost	5%
Employee Turnover	10%

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

Amounts for the current period are as follows:

(Rs. in lakhs)

Particulars	March 31, 2008
Defined benefit obligation	322.76
Plan assets	NA
Surplus / (deficit)	(322.76)
Experience adjustments on plan liabilities	101.94
Experience adjustments on plan assets	NA

The current year being the first year of adoption of AS 15 (revised) by the Company, the previous year comparative information has not been furnished.



5 The Company is a primarily engaged in financing activities. It operates in a single business and geographical segment. The Company also owns windmills and biomass which generate income from sale of electricity and the same has been classified as 'Unallocated reconciling item' as per requirements of AS – 17 on 'Segment Reporting' issued by ICAI.

(Rs. in lakhs)

Particulars	Year ended March 31, 2008			Year ended March 31, 2007		
	Financing Activities	Unallocated reconciling items	Total	Financing Activities	Unallocated reconciling items	Total
Segment Revenue	248,124.15	1,290.12	249,414.27	140,421.44	1,130.66	141,552.10
Segment Results (Profit before tax and after interest on Financing Segment)	62,225.82	(956.50)	61,269.32	28,993.09	390.13	29,383.22
Less: Interest on unallocated reconciling items	NA	686.02	686.02	NA	460.80	460.80
Net profit before tax	62,225.82	(1,642.52)	60,583.30	28,993.09	(70.67)	28,922.42
Less: Income taxes	NA	NA	21,600.65	NA	NA	9,882.71
Net profit	NA	NA	38,982.65	NA	NA	19,039.71
Other Information:						
Segment assets	1,813,875.43	10,613.42	1,824,488.85	1,069,157.11	12,257.85	1081,414.96
Unallocated corporate assets			2,349.66			2,120.47
Total Assets	1,813,875.43	10,613.42	1,826,838.51	1,069,157.11	12,257.85	1,083,535.43
Segment liabilities	1,635,522.70	6,087.70	1,641,610.40	959,257.03	6,988.92	966,245.95
Unallocated corporate liabilities			3,592.21			8,661.98
Total Liabilities	1,635,522.70	6,087.70	1,645,202.61	959,257.03	6,988.92	974,907.93
Capital expenditure	1,266.01	-	1,266.01	1,851.87	1,184.44	3,036.31
Depreciation	1,884.86	1,821.11	3,705.97	414.81	570.32	985.13
Other non - cash expenses	27,817.34	-	27,817.34	18,341.32	-	18,341.32



6 Related Party Disclosures

Subsidiaries	: Shriram Powergen Limited (upto March 27, 2008)
Associates	: Shriram Asset Management Company Limited Ashley Transport Services Limited (upto July 3, 2007)
Enterprises having significant influence over the Company	: Shriram Holdings (Madras) Private Limited Shriram Capital Limited (formerly known as Shriram Financial Services Holding Private Limited) Newbridge India Investments II Limited
Key Managerial Personnel	: R. Sridhar, Managing Director
Relatives of Key Managerial Personnel	: Mrs. Padmapriya Sridhar

(Rs. in lakhs)

	Enterprises having significant influence over the Company		Subsidiaries		Associates		Key Management Personnel \$		Relatives of Key management Personnel		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Payments												
Employee benefits for key management personnel	-	-	-	-	-	-	64.05	20.32	-	-	64.05	20.32
Royalty	623.54*	356.35*	-	-	-	-	-	-	-	-	623.54	356.35
Data Sourcing fees	57.95*	44.38*	-	-	-	-	-	-	-	-	57.95	44.38
Service Charges	347.70*	266.28*	-	-	-	-	-	-	-	-	347.70	266.28
Equity dividend	2,561.15#	2,263.15#	-	-	-	-	2.52	2.37	1.22	1.22	2,564.89	2,266.74
Interest on subordinate debt	-	-	-	-	101.94^	46.50^	-	-	-	-	101.94	46.50
Investments in shares	-	-	-	4.99	30.00@	180.00@	-	-	-	-	30.00	184.99
Rent paid	58.80*	45.80*	-	-	-	-	-	-	-	-	58.80	45.80
Rental Deposit	-	49.00*	-	-	-	-	-	-	-	-	-	49.00
Receipts												
Sale of investments	-	-	4.99	-	112.50@	-	-	-	-	-	117.49	-
Subscription of equity shares	6,955.20#	9,282.00#	-	-	-	-	-	1.75	-	-	6,955.20	9,283.75
Subscription to optionally convertible warrants	2,400.00#	-	-	-	-	-	-	-	-	-	2,400.00	-
Rent & electricity	-	-	-	-	5.40^	5.40^	-	-	-	-	5.40	5.40
Balance outstanding at the year end												
Share capital	8,537.15#	7,847.15#	-	-	-	-	8.40	8.12	4.05	4.05	8,549.60	7,859.32
Share warrants	2,400.00#	772.80#	-	-	-	-	-	-	-	-	2,400.00	772.80
Investments in shares	-	-	-	4.99	337.50+	420.00+	-	-	-	-	337.50	424.99
Outstanding expenses	62.18*	147.04*	-	-	-	-	30.00	-	-	-	92.18	147.04
Rent Deposit given	49.00*	49.00*	-	-	-	-	-	-	-	-	49.00	49.00
Interest payable on subordinate debt	-	-	-	-	233.22^	131.28^	-	-	-	-	232.22	131.28

\$ includes Managing Director, Whole time director, manager and other managerial personnel

* denotes transactions with Shriram Capital Limited (formerly known as Shriram Financial Services Holding Private Limited)

denotes transactions with Shriram Holding (Madras) Private Limited

^ denotes transactions with Shriram Asset Management Company Limited

@ denotes transactions with Ashley Transport Services Limited

+ investments in shares as on March 31, 2008 includes Rs. 240 lakhs (March 31, 2007: Rs. 240 lakhs) invested in Shriram Asset Management Company Limited and Rs. 97.50 lakhs (March 31, 2007: Rs. 180 lakhs) in Ashley Transport Services Limited

**7 Leases*****In case of assets given on lease*****Financial lease including hire purchase**

The Company has given vehicles on finance lease. The lease term is for 3 to 5 years. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Total gross investment in the lease	6,539.13	22,654.39
Less : Unearned finance income	800.06	5,088.49
Less: Unguaranteed residual value	-	-
Present value of minimum lease payments	5,739.07	17,565.90
Gross investment in the lease for the period :		
Not later than one year [Present value of minimum lease payments receivable Rs. 5,388.35 lakhs as on March 31, 2008 (March 31, 2007: Rs. 11,693.34 lakhs)]	6,164.18	15,373.89
Later than one year but not later than five years [Present value of minimum lease payments Rs. 350.72 lakhs as on March 31, 2008 (March 31, 2007 : Rs. 5,872.56 lakhs)]	374.95	7,280.50
Later than five years [Present value of minimum lease payments NIL as on March 31, 2008 (March 31, 2007 : NIL)]	-	-

In case of assets taken on lease

The Company has taken various premises, furniture and fixtures, IT equipments and plant and machinery under operating lease. The lease payments recognized in the profit & loss account are Rs. 1,475.33 lakhs (March 31, 2007: Rs. 987.91 lakhs). Certain agreements provide for cancellation by either party and certain agreements contains clause for escalation and renewal of agreements. There are no sub leases.

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

(Rs. in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Minimum Lease Payments:		
Not later than one year	334.18	173.99
Later than one year but not later than five years	468.61	167.75
Later than five years	-	-

8 Investments

In accordance with the Reserve Bank of India circular no.RBI/2006-07/ 225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated January 4, 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities to the extent of Rs. 427.44 lakhs in favour of trustees representing the public deposit holders of the Company.

9 Earnings per share

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Net Profit after tax as per profit and loss account (Rs. in lakhs) (A)	38,982.65	19,039.71
Weighted average number of equity shares for calculating Basic EPS (in lakhs) (B)	1,924.01	1,729.59
Weighted average number of equity shares for calculating Diluted EPS (in lakhs) (C)	1,977.76	1,812.07
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A)/(B)	20.26	11.01
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A)/(C)	19.71	10.51

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Weighted average number of equity shares for calculating EPS (in lakhs)	1,924.01	1,729.59
Add : Equity shares arising on conversion of optionally convertible warrants (in lakhs)	23.83	69.00
Add : Equity shares for no consideration arising on grant of stock options under ESOP (in lakhs)	29.92	13.48
Weighted average number of equity shares in calculation diluted EPS (in lakhs)	1,977.76	1,812.07



10 Deferred Tax Liabilities (Net)

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

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Deferred Tax Liabilities		
Timing difference on account of :		
Differences due to accelerated amortisation of intangibles under Income Tax Act	-	31.26
Differences in depreciation in block of fixed assets as per tax books and financial books	2,755.33	3,191.73
Effect of lease accounting	1,753.86	5,705.17
Others	-	141.60
Gross Deferred Tax Liabilities (A)	4,509.19	9,069.76
Deferred Tax Asset		
Timing difference on account of :		
Expenses disallowed under Income Tax Act, 1961	173.47	81.17
Provision for securitization	503.73	326.61
Provision for hedging contracts	239.78	-
Gross Deferred Tax Assets (B)	916.98	407.78
Deferred Tax Liabilities (Net) (A-B)	3,592.21	8,661.98

11 Capital Commitments

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	100.00	375.56

12

Contingent Liabilities not provided for

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Disputed income tax/interest tax demand contested in appeals not provided for [Against the above, a sum of Rs. 318.11 lakhs (March 31, 2007: Rs. 318.11 lakhs) has been paid under protest]	3,381.70	5,754.90
Demands in respect of Service tax [Amount of Rs. 15 lakhs (March 31, 2007 : Rs. 15 lakhs) has been paid under protest]	284.00	230.24
Guarantees issued by the Company	1,991.58	14,557.54
In respect of portfolio management	-	356.67

13 The Company has converted 6,900,000 warrants issued to Shriram Holdings (Madras) Private Limited into equity shares at a premium of Rs. 102/- during the year. The amount of Rs. 36,000 lakhs (including securities premium of Rs. 34,800 lakhs) received from preferential allotment of shares was utilized for the purpose of increasing the networth and working capital of the Company. The Company has further issued 8,000,000 warrants to Shriram Holdings (Madras) Private Limited on a preferential basis with an option to convert into equity shares of Rs 300/- each (including securities premium of Rs. 290/-) within 18 months from the date of issue i.e. December 14, 2007.

14 Recovery of service tax on lease and hire purchase transactions is kept in abeyance in view of the stay granted by Honourable Madras High Court. If any liability arises it will be recovered from the concerned parties. However, on contracts that are terminated, pending decision from the Honourable Madras High Court, equivalent service tax is written off.

15 Borrowing costs aggregating to NIL (March 31, 2007: Rs. 381.05 lakhs) being interest on specific term loan from a bank for Bio Mass Plant have been capitalized during the year.



16 Employee Stock Option Plan

	Series I	Series II	Series III	Series IV
Date of grant	October 31, 2005	April 1, 2006	October 9, 2006	August 17, 2007
Date of Board Approval	October 19, 2005	February 22, 2006	September 6, 2006	August 17, 2007
Date of Shareholder's approval	October 13, 2005	October 13, 2005	October 13, 2005	October 13, 2005
Number of options granted	2,962,500	832,500	910,000	109,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity
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
After 2 years of grant date	20% of options granted	20% of options granted	20% of options granted	20% of options granted
After 3 years of grant date	30% of options granted	30% of options granted	30% of options granted	30% of options granted
After 4 years of grant date	40% of options granted	40% of options granted	40% of options granted	40% of options granted
Exercisable period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Vesting Conditions	On achievement of pre-determined targets			

The details of Series I have been summarized below:

	As at March 31, 2008		As at March 31, 2007	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	2,492,750	35.00	2,962,500	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	57,800	35.00	157,250	35.00
Less: Expired during the year	257,950	-	312,500	-
Outstanding at the end of the year	2,177,000	35.00	2,492,750	35.00
Exercisable at the end of the year	528,260	-	110,450	-
Weighted average remaining contractual life (in years)	-	10.09	-	11.09
Weighted average fair value of options granted	-	59.04	-	59.04

The details of Series II have been summarized below:

	As at March 31, 2008		As at March 31, 2007	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	744,000	35.00	-	-
Add: Granted during the year	-	-	832,500	35.00
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	18,900	35.00	-	-
Less: Expired during the year	171,000	-	88,500	-
Outstanding at the end of the year	554,100	35.00	744,000	35.00
Exercisable at the end of the year	38,400	-	-	-
Weighted average remaining contractual life (in years)	-	10.49	-	11.49
Weighted average fair value of options granted	-	91.75	-	91.75



The details of Series III have been summarized below:

	As at March 31, 2008		As at March 31, 2007	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	885,000	35.00	-	-
Add: Granted during the year	-	-	910,000	35.00
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Expired during the year	74,000	-	25,000	-
Outstanding at the end of the year	811,000	35.00	885,000	35.00
Exercisable at the end of the year	81,100	-	-	-
Weighted average remaining contractual life (in years)	-	11.01	-	12.01
Weighted average fair value of options granted	-	74.85	-	74.85

The details of Series IV have been summarized below:

	As at March 31, 2008		As at March 31, 2007	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Add: Granted during the year	109,000	35.00	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	109,000	35.00	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	11.88	-	-
Weighted average fair value of options granted	-	136.40	-	-

The weighted average share price for the period over which stock options were exercised was Rs. 270.76 (March 31, 2007 : Rs. 135.53)

The details of exercise price for stock options outstanding at the end of the year are:

March 31, 2008

Series	Range of exercise prices (Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs.)
Series I	35.00	2,177,000	10.09	35.00
Series II	35.00	554,100	10.49	35.00
Series III	35.00	811,000	11.01	35.00
Series IV	35.00	109,000	11.88	35.00

March 31, 2007

Series	Range of exercise prices (Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs.)
Series I	35.00	2,492,750	11.09	35.00
Series II	35.00	744,000	11.49	35.00
Series III	35.00	885,000	12.01	35.00



Stock Options granted

Series I:

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

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	38.44	38.44	38.44	38.44
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	5.98	6.33	6.54	6.73
Expected dividend rate (%)	2.31	2.31	2.31	2.31

Series II :

The weighted average fair value of stock options granted was Rs. 91.75. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

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

Series III :

The weighted average fair value of stock options granted was Rs. 74.85. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	31.85	31.85	31.85	31.85
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	6.96	7.10	7.26	7.40
Expected dividend rate (%)	2.52	2.52	2.52	2.52

Series IV :

The weighted average fair value of stock options granted was Rs. 136.40. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Yr 1	Yr 2	Yr 3	Yr 4
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	41.51	41.51	41.51	41.51
Historical Volatility (%)	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (Rs.)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.68	7.76	7.82	7.87
Expected dividend rate (%)	0.89	0.89	0.89	0.89

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



Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Compensation cost pertaining to equity-settled employee share-based payment plan included above	653.95	987.16
Liability for employee stock options outstanding as at year end	2,689.69	2,961.28
Deferred compensation cost	863.05	1,733.90

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

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

	Year ended March 31, 2008	Year ended March 31, 2007
Profit as reported (Rs. in lakhs)	38,982.65	19,039.71
Add: Employee stock compensation under intrinsic value method (Rs. in lakhs)	653.95	987.16
Less: Employee stock compensation under fair value method (Rs. in lakhs)	615.95	936.26
Proforma profit (Rs. in lakhs)	39,020.65	19,090.61
Earnings per share		
Basic (Rs.)		
- As reported	20.26	11.01
- Proforma	20.28	11.04
Diluted (Rs.)		
- As reported	19.71	10.51
- Proforma	19.73	10.54

17

Securitisation

The Company sells loans through securitisation and direct assignment. The information on securitisation & direct assignment activity of the Company as an originator for the year March 31, 2008 and March 31, 2007 is given below:

	Year ended March 31, 2008	Year ended March 31, 2007
Total number of loan assets securitized	65,020	68,204
Total book value of loan assets securitised (Rs. in lakhs)	211,822.17	285,979.49
Sale consideration received for the securitised assets (Rs. in lakhs)	248,140.60	311,095.04
Net gain on account of securitization* (Rs. in lakhs)	33,894.28	25,462.85

* Gain on securitisation deals done after February 1, 2006 is amortised over the period of the loan.

The information on securitisation & direct assignment activity of the Company as an originator as on March 31, 2008 and March 31, 2007 is given in the table below :

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Outstanding credit enhancement	56,687.05	31,095.67
Outstanding liquidity facility	7,127.85	2,236.77
Outstanding subordinate contribution	5,159.40	6,199.80



18. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31, 2008 for principal swaps are Rs. NIL (March 31, 2007 – Rs. 60,000 lakhs) and for interest rate swaps Rs. 95,000 lakhs (March 31, 2007 – NIL). The interest rate swaps is to hedge against exposure to variable interest outflow on loans. The broad term of the instruments are to receive fixed rate of interest/variable rate equal to INBMK and to pay a variable rate equal to INBMK/MIBOR.

19 During the year ended March 31, 2008, the Company has reassessed the balance useful life of its Computer Software, Windmills and Leasehold improvement (Furniture & fixtures and Electrical equipments / fittings). Based on such reassessment, the estimated balance useful life has reduced from 5 years to 3 years, 6 years to 3 years and 16-21 years to 5 years respectively. Accordingly, the Company has provided additional depreciation amounting to Rs. 1,492.74 lakhs in respect of these assets during the year.

20 Supplementary Statutory Information

a) Managing Director’s Remuneration

(Rs. in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Salaries	46.96	6.10
Perquisites	7.30	1.30
Contribution to Provident fund	0.09	0.09
Employee stock option scheme	9.70	12.83
	64.05	20.32

Note: - As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

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

b) Expenditure in foreign currency (On cash basis)

(Rs. in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Travelling	13.81	3.40
Others	-	-
	13.81	3.40

c) Net dividend remitted in foreign exchange

Period to which it relates	Year ended March 31, 2008		Year ended March 31, 2007	
	Interim 2007-08	Final 2006-07	Interim 2006-07	Final 2005-06
Number of non-resident shareholders	6	2	3	2
Number of equity shares held on which dividend was due	45,863,023	35,125,801	28,617,378	37,313,169
<i>Amount remitted (in foreign currency)</i>				
Euro	-	2,234	38,388	75,501
American Dollar	1,154,077	1,683,294	990,400	1,118,940
Yuan	-	-	13,652	-



21 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of schedule VI to the Act

a) Licensed Capacity, Installed capacity, Actual production and Sales

Class of Goods	Units	Licensed Capacity as at March 31,		Installed Capacity as at March 31, (in KW)		Actual Production and Sales for the year ended March 31, (in units)		Sales Value (Rs. in lakhs)	
		2008	2007	2008	2007	2008	2007	2008	2007
Windmill	44	NA	NA	22,430	22,430	30,200,617	36,013,398	966.44	1130.66
Biomass	1	NA	NA	7,500	-	10,275,400	-	323.68	-

b) Consumption of raw materials and components

Raw material	Units	Quantity for the year ended March 31,		Value for the year ended March 31, (Rs in lakhs)	
		2008	2007	2008	2007
Biomass Fuel	Tons	25,332	-	258.06	-

22 The Company has initiated the process of identification of 'suppliers' registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. Based on the intimation received by the Company, none of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid / payable are required to be furnished.

23 Interim dividend (including tax on dividend) includes an amount of Rs 162.45 lakhs in respect of dividend paid by the Company for the previous year on 6,942,500 equity shares allotted before the date of book closure as they rank pari-passu with the existing equity shares for dividend.

24 Previous Year Comparatives

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

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

R. Sridhar
Managing Director

S. Venkatakrisnan
Director

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

Mumbai
May 26, 2008

**Schedules** annexed to and forming part of the accounts for the year ended March 31, 2008

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

(Rs. in lakhs)

Liabilities side :

(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debenture - Secured	353,719.95	7305.65#
- Unsecured (other than falling within the meaning of public deposits*)	4,053.71	-
(b) Deferred Credits	-	-
(c) Term Loans	777,522.88	-
(d) Inter-corporate loans and borrowing	124.11	-
(e) Commercial Paper	21,695.00	-
(f) Public Deposits*	472.36	68.95 #
(g) Other Loans - Subordinate Debts	112,526.59	-
- Cash Credit	225,646.66	-
- Corporate Loan	46,000.00	-

*Please see Note 1 below

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount outstanding	Amount overdue
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	472.36	68.95 #

*Please see Note 1 below

Represent amounts unclaimed

Assets side :

(3) Break-up of Loans and Advances including Bills receivables (other than those included in (4) below):	Amount outstanding
(a) Secured	4,124.35
(b) Unsecured	-

(4) Break up of Leased Assets and stock on hire counting towards AFC activities	Amount outstanding
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	7,042.41
(b) Operating lease	-
(ii) Stock on Hire including hire charges under sundry debtors :	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC Activities :	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	1,500,224.10



(Rs. in lakhs)

(5) Break-up of Investments :	Amount outstanding
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2. Unquoted :	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others - Investment in Certificate of Deposits	136,932.08
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	240.00
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	427.44
(v) Others (Please specify)	-
2. Unquoted :	
(i) Shares: (a) Equity	162.50
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others -Investment in SOT - Pass Through Certificate	750.00

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

Please see Note 2 below

(Rs. in lakhs)

Category	Amount (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	1,501,101.32	-	1,501,101.32



(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

(Rs. in lakhs)

Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	541.89	277.88
2. Other than related parties	138,113.50	138,088.25

* Disclosure is made in respect of available information.

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

(8) Other information

(Rs. in lakhs)

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	23,843.32
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	13,553.78
(iii) Assets acquired in satisfaction of debt	-

Notes :

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 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 column (5) above.



Balance Sheet Abstract for the year ended March 31, 2008

Balance Sheet Abstract and Company's General Business Profile as per Part IV to Schedule VI to the Companies Act, 1956.

1 Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

2 Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement

3 Position of Mobilisation and Deployment of Funds (Rs. in thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid - up Capital

Optionally Convertible Warrants

Secured Loans

Other Liabilities

Reserves and Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Misc. Expenditure

4 Performance of Company (Amount in Rs. Thousands)

Turnover

Profit/Loss Before Tax

Earning per Share in Rs. .

Total Expenditure

Profit/Loss After Tax

Dividend rate (%)

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

Item Code No. (ITC Code)

Product Description

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

R. Sridhar
Managing Director

S. Venkatakrisnan
Director

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

Mumbai
May 26, 2008