



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED



INVESTOR UPDATE

May 31, 2007

YEAR ENDED MARCH 2007

 **Four-S Services**
Strategies and Services for Stakeholder Success

57% YoY increase in operating income from Rs 8,967mn to Rs 14,077mn

**Profit after Tax up 34% YoY to Rs 1,904mn
Total Assets Under Management stands at Rs 120bn**

Financial Highlights - (FY'07 v/s FY'06)

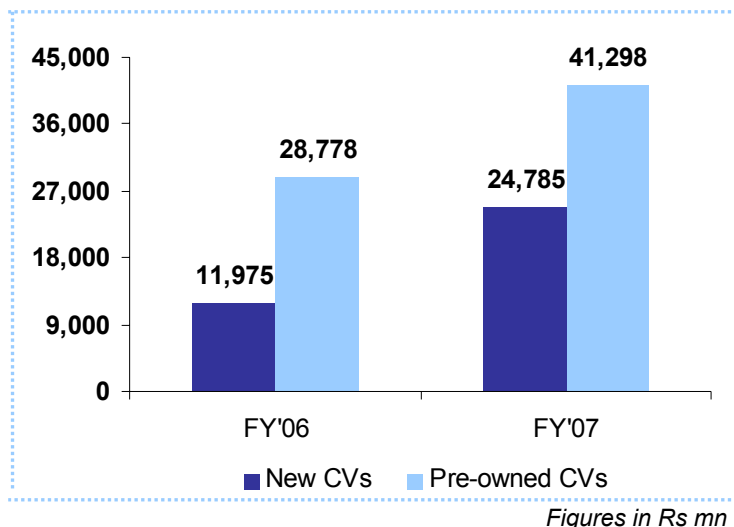
- **Operating Income up by 57.0% to Rs 14,076.6mn**
- **Core Operating Profits up 55.8% to Rs 4,490.4mn**
- **PAT up 34.4% Rs 1,904.0mn**
- **Total disbursements increased by 62% to Rs 66,083mn.** Pre-owned CV disbursements constituted 62.5% of total disbursements
- **Net Interest Margin stands at 8.8%**
- **Net Spread at 3.5%**
- **Gross NPAs at 2.0% and Net NPAs at 1.3%**

Operational & Other Highlights (Q4 FY'07)

- **Strengthened the branch network** with addition of 12 new branches taking the total branch network to 339
- **Added 1,043 employees** taking the total employee strength to 4,952
- **Proposed a final dividend of 20%** in addition to the interim dividend of 10%, thereby taking the total dividend to 30% for FY'07.
- **Allotted 9.1mn equity shares** of Rs 10 each at premium of Rs 102 against the Optionally Convertible Warrants to **Shriram Holding (Madras) Pvt. Ltd.**

Balance Sheet Analysis

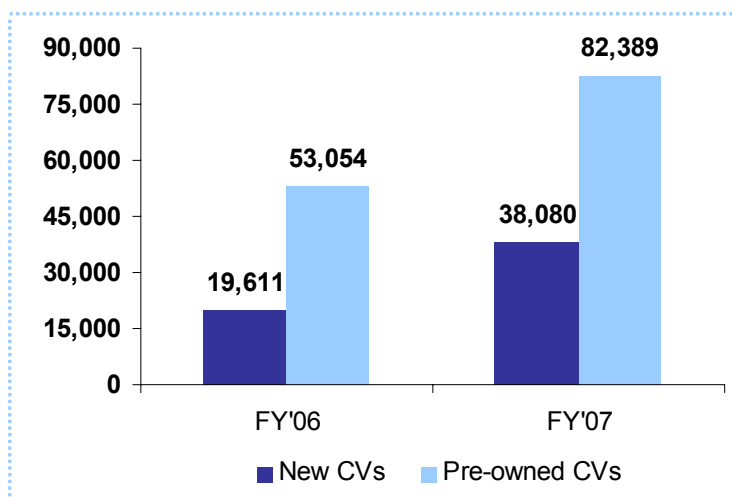
Disbursements



107% YoY increase in New CV disbursements and 44% increase in Pre-owned CV disbursements

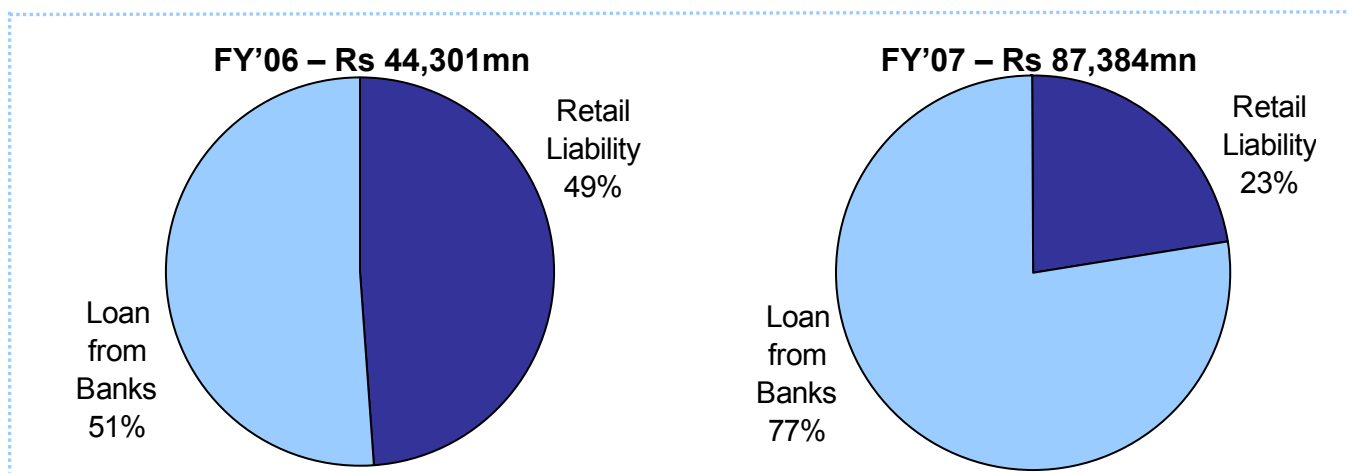
Total Assets under management crosses Rs 120bn mark driven by 94% YoY increase in New CV AUM

Assets under Management



Figures in Rs mn

Borrowing Profile



Financials – Quarterly

Profit and Loss Statement

Figures in Rs mn

Profit & Loss Statement	Q4 FY'06	Q4 FY'07	YoY %	Q3 FY'07	QoQ %
Income from Financing operations					
- Fund Based	2045.3	4079.2	99.4%	3640.6	12.0%
- Income from Securitisation	374.6	136.5	-63.6%	70.9	92.5%
- Fee based	32.6	17.1	-47.6%	3.7	357.6%
Operating Income	2452.5	4232.8	72.6%	3715.2	13.9%
Interest expended	1124.3	2392.4	112.8%	1852.4	29.2%
Personnel cost	139.8	209.7	50.0%	172.9	21.3%
Operating expenditure	381.1	435.7	14.3%	410.8	6.1%
Core Operating Profit (Profit before Provisions & Contingencies)	807.2	1195.0	48.0%	1279.1	-6.6%
Other Income	23.5	38.8	65.2%	7.1	447.0%
Operating Profit	830.7	1233.8	48.5%	1286.2	-4.1%
Provisions for Bad Debts	249.1	541.9	117.6%	404.7	33.9%
PBT	581.6	691.9	19.0%	881.5	-21.5%
Tax	201.6	208.3	3.3%	331.6	-37.2%
PAT	380.1	483.6	27.2%	549.9	-12.1%
EPS	2.3	2.8	20.5%	3.3	-16.6%
Book Value	49.6	59.0	19.0%	56.7	4.0%

Key Ratios

Key Ratios (%)	Q4 FY'06	Q4 FY'07	Q3 FY'07
Avg. Yield on Advances	17.7%	19.0%	18.6%
Avg. Cost of funds	10.5%	11.3%	10.1%
Net Interest Margin	8.6%	8.0%	8.9%
Return on Avg. Net Worth	22.5%	18.6%	23.7%
Return on Avg. Assets	3.2%	1.9%	2.9%
Fee-Income % of Total income	1.9%	1.6%	0.8%
Interest Coverage Ratio	2.20	1.79	2.01

Balance Sheet

Figures in Rs mn

Balance Sheet	Q4 FY'06	Q4 FY'07	Q3 FY'07
Liabilities			
Shareholder Funds			
Equity Capital	1,692.1	1,841.8	1,749.3
Reserves	6,696.9	9,022.7	8,172.3
Preference Capital	-	-	-
Loans			
Secured	37,430.4	63,151.8	55,552.3
Unsecured	6,530.5	23,994.6	20,217.6
Current Liabilities	8,503.5	12,388.9	4,519.2
Deferred Tax Liability	1,336.9	908.2	1,154.2
Total	62,190.3	111,308.0	91,364.9
Assets			
Fixed Assets	1,567.2	1,647.7	1,576.1
Loans & Advances	517.4	432.8	875.2
Cash & Bank balances	2,528.8	18,119.6	4,059.5
Investments	91.5	2,245.7	91.0
Truck receivables	53,203.9	83,832.5	80,964.2
Current Assets	4,281.5	5,029.7	3,798.9
Total	62,190.3	111,308.0	91,364.9

Spread Analysis

Spread Analysis	Q4 FY'06	Q4 FY'07	Q3 FY'07
Total Income/ Avg. total assets	17.82%	16.80%	16.98%
Interest cost/ Avg. total assets	8.09%	9.41%	8.45%
Gross Spread	9.73%	7.39%	8.53%
NPA provisioning/ Avg. total assets	1.79%	2.13%	1.85%
Overhead Cost/ Avg. total assets	3.75%	2.54%	2.66%
Net Spread	4.19%	2.72%	4.02%

Financials – Annual

Profit and Loss Statement

Figures in Rs mn

Profit & Loss Statement	FY'06	FY'07	YoY %
Income from Financing operations			
- Fund Based	8,066.7	13,706.5	69.9%
- Income from Securitisation	630.5	239.8	-62.0%
- Fee based	269.5	130.4	-51.6%
Operating Income	8,966.7	14,076.6	57.0%
Interest expended	4,150.6	7,239.2	74.4%
Personnel cost	470.3	718.7	52.8%
Operating expenditure	1,462.8	1,628.3	11.3%
Core Operating Profit (Profit before Provisions & Contingencies)	2,883.0	4,490.4	55.8%
Other Income	120.0	78.6	-34.4%
Operating Profit	3,002.9	4,569.0	52.2%
Provisions for Bad Debts	841.2	1676.7	99.3%
PBT	2,161.7	2,892.3	33.8%
Tax	745.3	988.3	32.6%
PAT	1,416.4	1,904.0	34.4%
EPS	9.4	11.0	17.6%
Book Value	49.6	59.0	18.9%

Key Ratios

Key Ratios (%)	FY'06	FY'07
Avg. Yield on Advances	20.6%	18.7%
Avg. Cost of funds	10.9%	10.6%
Net Interest Margin	8.5%	8.8%
Return on Avg. Net Worth	26.6%	19.5%
Return on Avg. Assets	3.0%	2.3%
Fee-Income % of Total income	3.0%	0.9%
Interest Coverage Ratio	2.19	1.96

Balance Sheet

Figures in Rs mn

Balance Sheet	FY'06	FY'07
Liabilities		
Shareholder Funds		
Equity Capital	1,692.1	1,841.8
Reserves	6,696.9	9,022.7
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Loans		
Secured	37,430.4	63,151.8
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Current Assets	4,281.5	5,029.7
Total	62,190.3	111,308.0

Spread Analysis

Spread Analysis	FY'06	FY'07
Total Income/ Avg. total assets	19.15%	16.91%
Interest cost/ Avg. total assets	8.75%	8.65%
Gross Spread	10.40%	8.26%
NPA provisioning/ Avg. total assets	1.81%	2.00%
Overhead Cost/ Avg. total assets	4.07%	2.80%
Net Spread	4.52%	3.46%

About Shriram Transport Finance Co. Ltd.

Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with assets under management of Rs 120.5bn. The company is a leader in organized financing of pre-owned trucks with strategic presence in 4-10 year old trucks and having a market share of 20-25%. It has a pan-India presence with a network of 6 regional offices, 72 divisional offices and 358 branches and employs more than 2,000 field officers. The company has built a strong customer base of over 0.5mn. Over the past 27 years, it has developed strong competencies in the areas of loan origination, valuation of pre-owned trucks and collection. It has built a vertically integrated business model and offers a slew of products which include New CV financing (via Portfolio management Services), Pre-owned CV financing and other loans like accidental repair loans, tyre loans and working capital finance etc. The company is supported by strong private equity investors like New Bridge, Chrys Capital, FMO, Citicorp, Quantum & UTI Bank providing it growth capital support. For more information please visit www.stfc.in.

About Four-S Services Pvt. Ltd.

Four-S Services provides customized business and financial research to organizations across the globe. The company also provides Investor Relations consulting to corporates based on in-depth sectoral and company research. The company has an impressive client profile and a team of experienced analysts covering the key sectors including Finance & Banking, IT & Telecom, Retail, Media & Entertainment, Pharmaceuticals, Infrastructure and Manufacturing amongst others. For further information on the company please visit www.four-s.com

Forward Looking Statement

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

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